

Death By China

A Presentation by
Peter Navarro

A small, textured globe of the Earth is shown, with the continents of North and South America visible. Overlaid on the globe is the logo for the Pressure Sensitive Tape Council (PSTC), which consists of the letters 'PS' stacked above 'TC' in a stylized, serif font.

Growing PSA Tape Sales
in a Global Economy

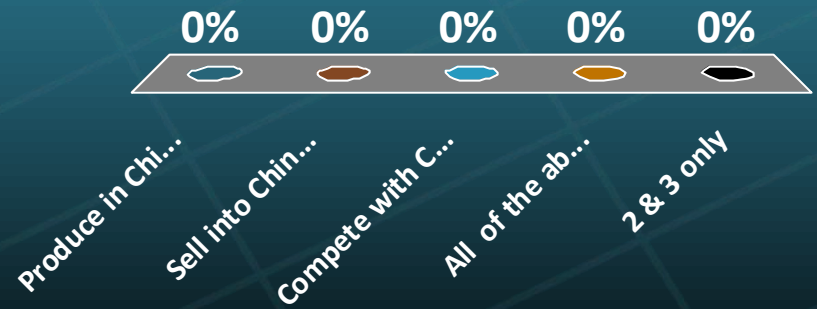
Pressure Sensitive Tape Council
Annual Membership Meeting

A close-up photograph of a hand-drawn line graph on a grid. The graph shows a fluctuating line that generally trends upwards from left to right. The grid lines are faint and the drawing is done in a dark ink or pencil.

May 1-2, 2012
Boston, Massachusetts

What's Your China Exposure?

1. Produce in China
2. Sell into China market
3. Compete with China
4. All of the above
5. 2 & 3 only



A BIG Country

- 1.4 billion people – most populous
 - Chongqing v. Canada
- Land mass same size as U.S.
 - Less “livable space” because of desertification
- 20% of the people, 10% of arable land, 7% of the water
- Half of China’s people are peasants and remain in poverty
 - Adding 300+ million people to manufacturing work force over the next decade

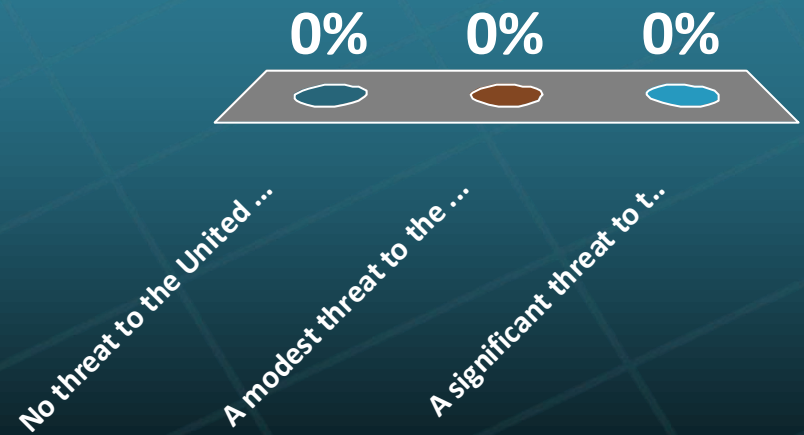


A BIG Economy

- Growing at 8% to 10% a year
 - 2nd biggest economy and will overtake U.S. within a decade or less
- Consumes $\frac{1}{2}$ of the world's steel and cement, $\frac{1}{3}$ rd of copper, and $\frac{1}{4}$ th of its aluminum
 - Oil consumption will rise to a level of total current world output by year 2050
- Needs an entire new planet to feed its resource needs by mid-century.

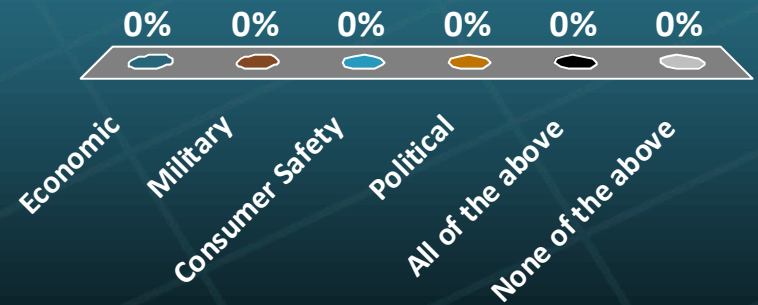
A Rising China Poses:

1. No threat to the United States
2. A modest threat to the United States
- ✓ 3. A significant threat to the United States



The China Threat Is Primarily:

1. Economic
2. Military
3. Consumer Safety
4. Political
- ✓ 5. All of the above
6. None of the above



Today's Goal

- Understand the broad scope of the Chinese threat our economic and national security
- Mobilize support for a sustained political, economic, counterintelligence, and military response to this threat.
 - This is both good for the country AND good for business
- Always Remember: “It’s not China bashing if it’s true”

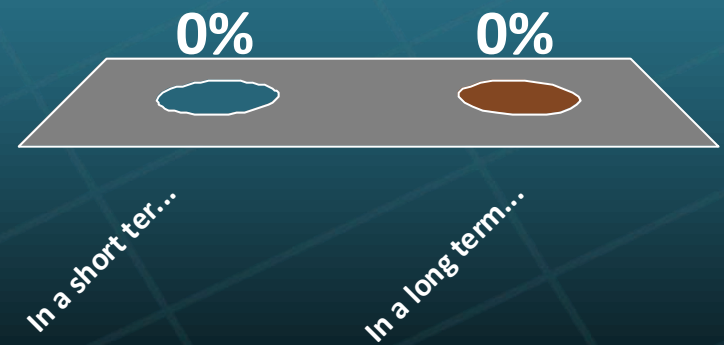
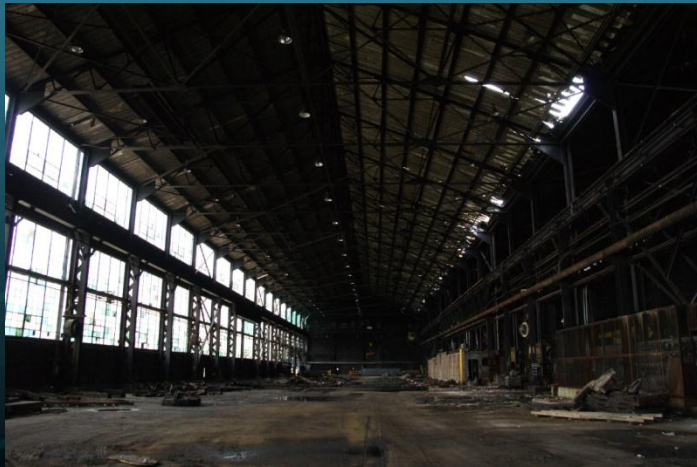
MADE IN CHINA



CHINA AND THE U.S. ECONOMY

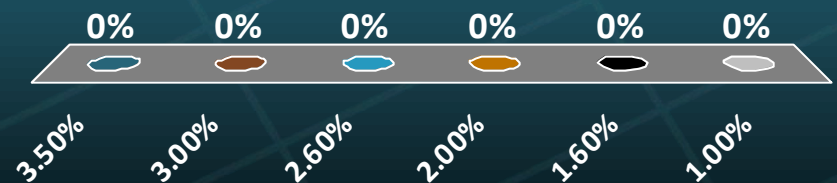
The U.S. Economy Is:

1. In a short term cyclical downturn curable by more Keynesian stimulus
- ✓ 2. In a long term decline that can only be addressed through structural reforms



U.S. GDP grew 3.5% annually from 1947-2000.
~~What rate did it grow from 2001 to 2011?~~

1. 3.5%
2. 3.0%
3. 2.6%
4. 2.0%
- ✓ 5. 1.6%
6. 1.0%



The Big Growth Picture

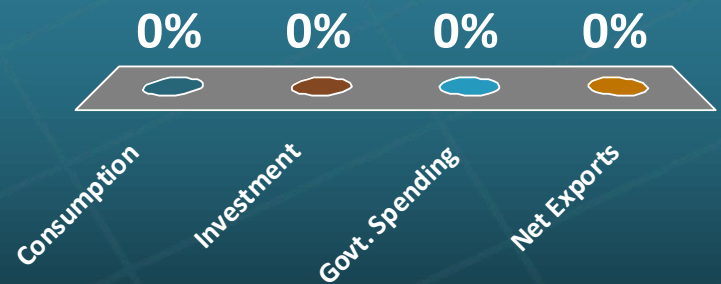


	Annual GDP Growth Rate
1947-2000	3.5%
2001-2011	1.6%

- One point of GDP growth = One million new jobs
- Losing almost two points per year = Over 20 million jobs

~~The Biggest Drag on GDP Growth Is:~~

1. Consumption
2. Investment
3. Govt. Spending
- ✓ 4. Net Exports



$$\text{GDP} = C + I + (X - M) + G$$

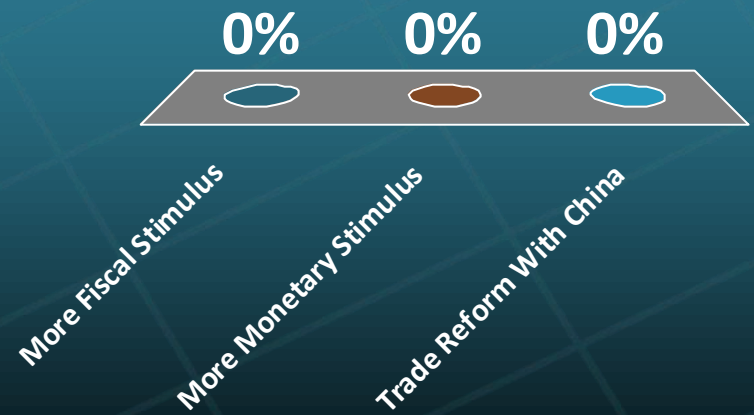
GDP Breakdown: A Sample Quarter

GDP Drivers	Contribution to Growth Rate
Consumption (C)	1.7%
Investment (I)	1.8%
Government Spending (G)	0.8%
Exports (X)	0.8%
Imports (M)	-2.5%
GDP Growth Rate Q3-10	2.6%

Deficit a HUGE drag on GDP growth!

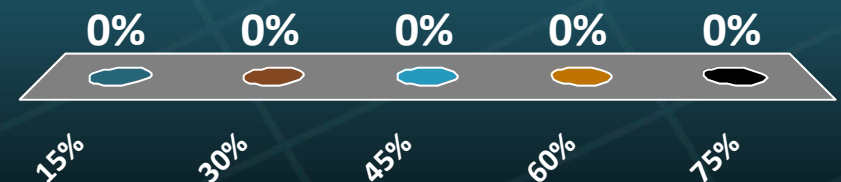
The Best Jobs Program Is:

1. More Fiscal Stimulus
2. More Monetary Stimulus
- ✓ 3. Trade Reform With China



China accounts for what percent of the U.S. trade deficit in goods excluding oil?

1. 15%
2. 30%
3. 45%
4. 60%
- ✓ 5. 75%



Major Sources of U.S. Trade Deficit

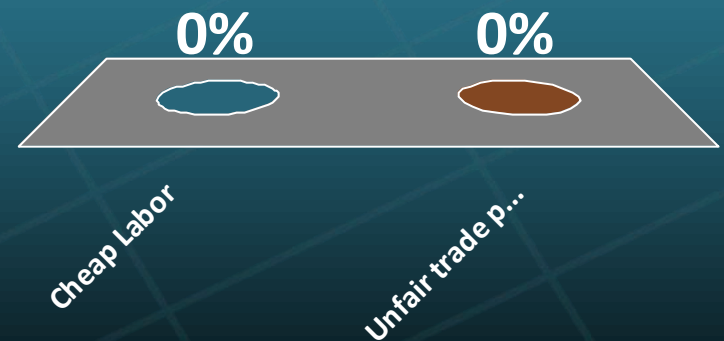
China accounts for 75% of deficit when oil excluded!!!

	Trade Balance (Billions of Dollars)	Trade Balance by Percent of Total
Oil Imports	-204	41%
China	-227	45%
Total Net Exports	- 501	

THE POINT: The best U.S. “jobs program” is trade reform with China!!!

China's competitive edge is primarily due to:

1. Cheap Labor
- ✓ 2. Unfair trade practices



China's Weapons of Job Destruction

Cheap Wages	40%
Web of Illegal Subsidies	17%
Currency Manipulation	11%
Counterfeiting & Piracy	8%
Lax Health & Safety Regs	2.5%
Lax Environmental Regs	2.5%
Unfair Trade Practices Total	41%



Weapon of Job Destruction #1

ILLEGAL EXPORT SUBSIDIES

China's Illegal Subsidies



- Land
- Energy & utilities
- Capital
- Export tax rebates
- Income tax breaks



Weapon of Job Destruction #2

CURRENCY MANIPULATION

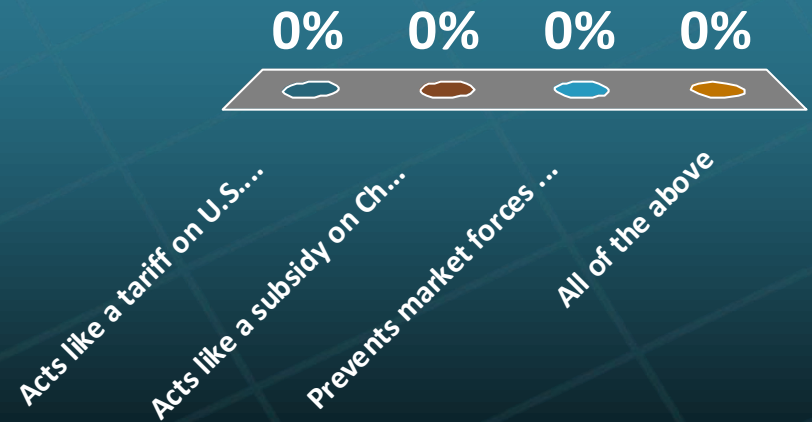
To manipulate its currency, China buys:

1. U.S. bonds
2. U.S. stocks
3. U.S. companies
4. U.S. housing
5. U.S. commercial real estate
6. U.S. farmland
- ✓ 7. All of the above



China's currency manipulation:

1. Acts like a tariff on U.S. exports to China
2. Acts like a subsidy on Chinese imports to U.S.
3. Prevents market forces from balancing our trade
- ✓ 4. All of the above



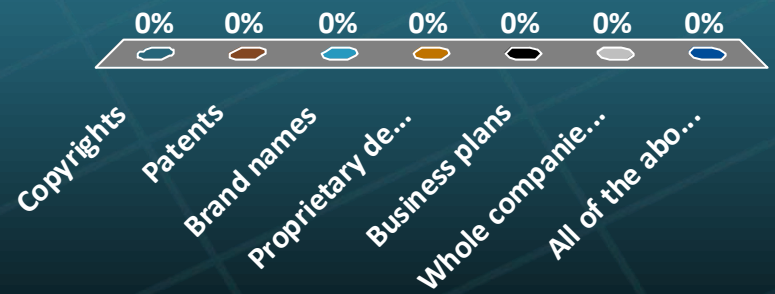


Weapon of Job Destruction #3

COUNTERFEITING & PIRACY

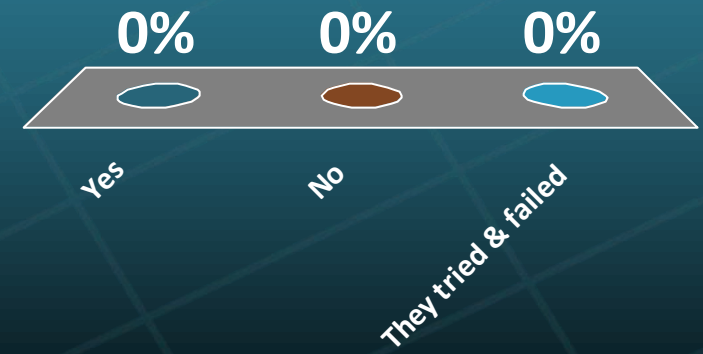
What does China steal?

1. Copyrights
2. Patents
3. Brand names
4. Proprietary designs & processes
5. Business plans
6. Whole companies
- ✓ 7. All of the above



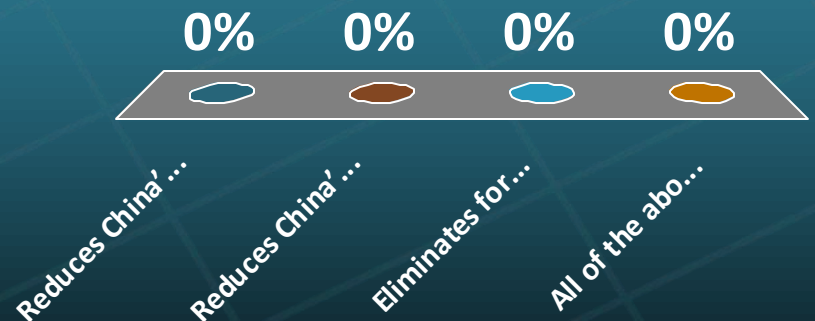
Have you or your organization been a victim of China's counterfeiting & piracy?

1. Yes
2. No
3. They tried & failed



How does counterfeiting & piracy provide China with competitive advantage?

1. Reduces China's R&D costs
2. Reduces China's marketing costs
3. Eliminates foreign rivals
- ✓ 4. All of the above





Weapon of Job Destruction #4

POLLUTING FOR PROFIT

If China wants to pollute its environment to gain competitive advantage, it doesn't affect me

1. True

✓ 2. False



A Global Tragedy of the Commons

- Air pollution
 - 16 of 20 dirtiest cities in China
 - 700,000 Chinese citizens die annually
 - Jet stream carries to U.S.
- Severely polluted waters
 - 70% of lakes, rivers, streams
 - 90% of groundwater
- Soil contamination (How you like dem apples?)
 - Arsenic, lead, mercury, nickel
 - Pesticides
- Global warming & E-Waste

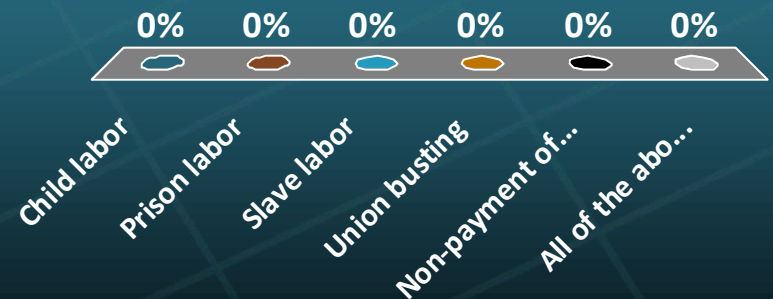


Weapon of Job Destruction #5

WORKER ABUSES

To increase its labor cost advantage, China uses:

1. Child labor
2. Prison labor
3. Slave labor
4. Union busting
5. Non-payment of wages
- ✓ 6. All of the above

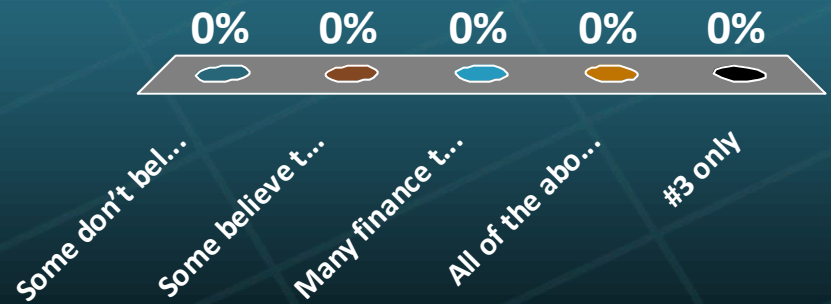




THE POLITICS OF TRADE REFORM

Our Politicians Have Not Addressed The China Threat Because:

1. Some don't believe there is one
2. Some believe the threat is modest
3. Many finance their campaigns from interests that benefit from the China trade so they ignore the threat.
- ✓ 4. All of the above
5. #3 only



China Joined the WTO In 2001

- Supported by Democratic President & Republican Congress
- Opened the floodgates to illegally subsidized exports
- 57,000 factories gone
- 6 million manufacturing jobs offshored
- A gutted industrial base

The Unkindest Offshoring of All





WILL CHINA'S RISE BE PEACEFUL?

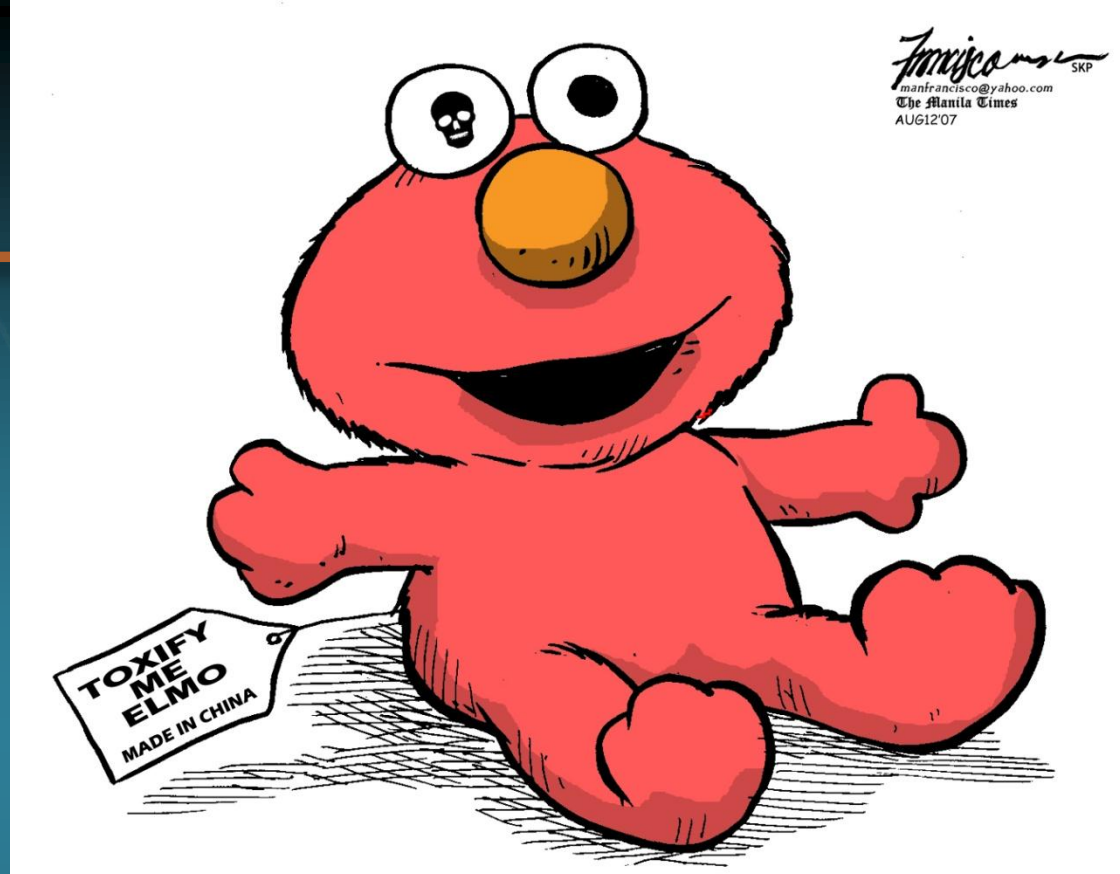
Peaceful? Not!

- Building a five-dimensional “war machine”— air, land, sea, space, and cyberspace
- Increasingly aggressive in pursuing territorial claims on land and sea and in space

A Five-Dimensional War Machine



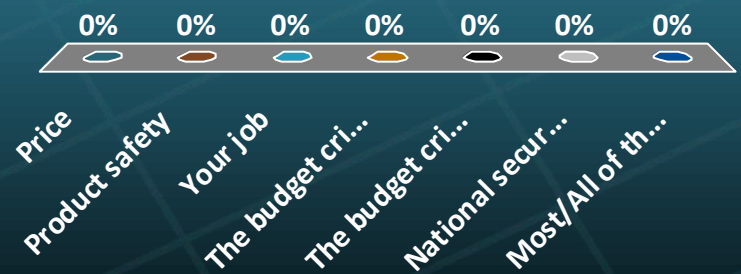
- Largest army in the world
- Best air force money can buy from Soviets and steal from the Pentagon
- Skillful use of asymmetrical weapons, e.g., the “BAMer”
- Construction of deep water navy and “James Bond” sub base suggests force projection capabilities
- Most aggressive space program – dual civilian/military use
- Most sophisticated cyberwarfare nation – war is ongoing



DEATH BY CHINESE JUNK

When you pick up a product made in China, what do you think about?

1. Price
2. Product safety
3. Your job
4. The budget crisis in your state
5. The budget crisis in America
6. National security
- ✓ 7. Most/All of the above



America's Dilemma

- China has used its weapons of job destruction to capture our markets
- The more we buy from China, the more risks our families face and the more jobs we lose
- We are buying Chinese products with borrowed money
- China will use that money to buy up pieces of America
- Do we want to be owned by a ruthless totalitarian government?

What Is To Be Done?



- Shop responsibly
- Vote responsibly
 - Make balanced trade the number one issue in the 2012 elections!!!!

TELL THEM

**America Needs A Strong
Manufacturing Base
For A Prosperous Future**

For More Information:

WWW.DEATHBYCHINA.COM

