

GLOBALIZATION AND INTERNATIONAL TRADE

Last month I was one of three state legislators fortunate enough to travel to Dalian, China as part of the World Economic Forum, a South Carolina Department of Commerce trade mission. While the 4-day trip yielded a variety of insights and experiences - a couple are of particular relevance for Lancaster County and for South Carolina.

The Governor Gets It. Say what you will about Governor Mark Sanford, but I have no doubt that he has a thorough grasp of globalization and international trade, and of the risks and opportunities they present for South Carolina. The simple fact that South Carolina attended the World Economic Forum speaks volumes about how seriously the governor takes things. Houston, Texas was the only other US presence. The other delegations were from European and Asian countries and cities.

The sooner we all realize that the future of South Carolina's economic well-being depends as much on things such as trade with China as it does the subprime mortgage market, the sooner we can prepare ourselves to take advantage of the opportunities available to us.

Education Is One Key. China (and India) produced more engineers than did the US last year. That alone should be worrisome. But digging a little deeper, I found that there is an apparent shortage of skilled labor throughout Asia. Several business leaders commented that one of the biggest challenges of operating in China is that they had little or no confidence in the accounting system there. Manual labor is everywhere and professional skills are in short supply.

That shortage of skilled labor offers South Carolina an opportunity. Jobs will be plentiful and available to us and our children, but only if we are trained in marketable skills. High-school dropouts have a bleak future. It is important now more than ever to educate our children the best way possible and encourage them to get a higher education.

Private Industry is Another. Our team of legislators and Commerce Department employees was rounded out by an impressive group of South Carolina business leaders. And I came away from the conference confident that our private sector is more than ready to compete in the international arena.

For example: One of the SC business owners noted that his company was in the process of moving operations *from* China to South America, as it had become more economical to operate there. So, here was an SC company that had moved operations from the USA to China to South America in a few short years, all in an attempt to increase productivity and profitability. That showed me that South Carolina business has made the commitment to compete in the world economy. It also reaffirmed for me that business and industry will find us, if we can simply make South Carolina more attractive. And while we can't compete on things such as hourly wages, we can compete and excel in areas such as productivity, regulatory climate, and access to markets.

Energy May Dictate the New Economy.

In talking with some oil producers from Texas, I was stunned to learn that they had been unable to permit any new “clean” coal-fired power plants in a state which is famous for its commitment to energy. I compare that to China, which this year alone will open one new “dirty” coal-fired plant *every week*.

While we are seeing a surge in nuclear power, and growing interest in - and economic viability of - alternative and green power sources, we may still face power shortages between now and the time those clean sources are readily available. How we handle that interim will impact whether we continue to grow and thrive.

As one conference commentator noted, “[t]he world is flat..*except when it comes to energy.*” Those who figure out how to make energy production a competitive advantage...and not an Achilles’ heel...will move to the head of the pack.

Rules and Standards Do Not Equal Protectionism.

I am a staunch supporter of free trade. However, I just as firmly believe that requiring food imports to be safe to eat, and toys free of lead paint, is not protectionism. Neither are environmental standards.

Dalian was reputed to be one of the cleanest large cities in China. At the same time, it was not possible to see from one end of the runway at the airport to the other because of the pollution. How South Carolina business and industry are supposed to compete with Chinese business that are free to pollute concerns me immensely. Lax environmental rules are a form of government subsidy: subsidies that unfairly tip the playing field against American business.

I was pleased to have the opportunity to attend the Forum, and to see first-hand that South Carolina truly does have a place at the table when it comes to the global economy. While changing the fundamental nature of our state’s economy from domestic (mostly textile) manufacturing to globalized trade is a long and bumpy road, it seems to me that we are doing a lot of the right things to move us in the right direction.

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