

## All this Globalization

**Bob Wise**

Pusan is the third largest container port in the world and growing. Shanghai has twice as many skyscrapers as New York City, with many more going up.

At sea, off the China coast, it seemed that all the outbound freighters were heavy laden, riding low in the water, decks piled with containers bringing stock for Wal-Mart's shelves. Inbound ships rode high, exposing broad swaths of red beneath their waterlines. (T-bills don't weigh much.)

Here was the industry one would have seen in the northeast and around the great lakes in America half a century ago. It has migrated to the other side of the planet, while the US builds little more than houses and weapons. No point in resenting this- it's the way of the world. But it's fascinating to see in detail.

The streets of Shanghai and Beijing are jammed with cars, mostly new, though there are still plenty of bicycles and scooters. Major streets are lined with new high-rise buildings. The old Hutong neighborhoods behind them, already packed with multiple families to a home, are rapidly being torn down to make room for new construction.

Bill, is a die-casting engineer from Wisconsin. He has watched his client firms shrink and disappear all over the Midwest America, edged out by cheap labor abroad, mostly from China. A few small shops survive as front offices in partnership with Chinese firms: they do the designs and specifications, order the castings from China, then do quality control on the product. Some of the business remains, but the manufacturing jobs are gone.

Chinese are aware that their wages are low. They joke that the happiest man in the world has an American salary, a Japanese wife, an English house and eats Chinese food. The unhappiest man in the world has an American wife, a Japanese house, eats English food and has a Chinese salary.

Though China has a few Wal-Marts, there are thousands of small shops in the cities. There must still be real wholesalers- wiped out long ago in the US by vertical integration.

On a shopping street in Shanghai, several cargo trucks stood idle along the street, one with a rider apparently waiting for an order. Just-in-time stocking seems to be practiced. Around lunch time, clerks can be seen carrying bowls and nibbling in between customers.

The infrastructure is already in place for low-energy transportation, in China, Japan and Korea alike: lots of trains, buses and trams, wide bike paths and sidewalks. Bikes and pedestrians seem to share the sidewalks congenially.

But relocalization in China will have to have a vertical dimension. Most of the newer apartment buildings seemed to be twenty stories or higher. What happens when electricity for the elevator becomes prohibitively expensive? ~~////~~