

# editor's note



## WHEN MY YOUNGEST SON, JASON, NEEDED A NEW BICYCLE I HEADED OVER TO THE NEARBY TOYS R US.

We tried a couple of bikes, found one he liked, and almost bought it. The price (around \$79) seemed reasonable but unfortunately, they didn't have any pre-built. I could either spend the afternoon putting it together poorly or pay \$20 and have it in a couple of days.

Not wanting to wait, I headed over to my local bike shop. I knew they'd be more expensive but I also knew they'd have a bike ready. And sure enough, they did. But before I bought it, I asked what the difference was between the \$120 bike and the one at Toys R Us.

The response surprised me. The manager of the bike shop told me that unless I was looking at high-end bikes, all of the inexpensive bikes were about the same. They were all made in China. They all used similar parts. The differences were appearance (important to a nine-year-old) and fit (all the frames were slightly different). His recommendation? Wal-Mart.

So I headed over to Wal-Mart and sure enough there were racks and racks of bikes. And my son was very happy with the \$59 model we picked out.

But think about that \$59 and what it means. Take some of the money as profit for Wal-Mart (local store and corporate). The bicycle was shipped from China. The raw materials in the rubber tires, metal frame, and vinyl seat have an intrinsic value. So how much was left to pay the laborer in China who operated the machinery to make the bike?

These same economies unfortunately apply to the design and construction industry and as a result we're starting to see cracks form in the Buy America and Buy American provisions governing the use of federal money in bridge construction.

A recent article in *The New York Times* about the San Francisco-Oakland Bay Bridge highlighted the issue but missed a lot of points. According to the newspaper article, sourcing the bridge to China will save \$400 million on a \$7.2 billion project—but how accurate is that estimate? Given that the project is \$5.2 billion over budget and more than three years behind schedule, I have some doubts.

And where do all of the cost savings come from? Wages. As the article points out, the Chinese workers on the project are paid \$12/day—while similar workers in the U.S. would earn around \$57 per HOUR plus benefits. So any cost savings that are achieved (remember, by sending public dollars overseas) doesn't even take into account the loss of tax revenue generated by domestic fabrication work. While that may not be part of the ROI on a private project, it certainly should be on a publicly financed project.

But what really irritates me is that as part of the project California sent 250 supervisors to China to provide training and quality control. Unbelievably, at a time of rising local unemployment, California provided the training and funding to make Chinese workers more competitive.

Finally, I'm always disappointed when the media conveniently forgets to discuss environmental issues when it's inconvenient to their position. They don't question how much "savings" is realized when sourcing to China as a result of their not having to follow our OSHA and EPA regulations. According to a 2009 assessment of environmental regulation of the Chinese Steel Industry: "Recent data show that one quarter of the particulate matter in the air in Los Angeles on some days originates in China." And how much is that added pollution costing us?

A handwritten signature in black ink that reads "Scott Melnick". The signature is written in a cursive, flowing style.

**SCOTT MELNICK**  
EDITOR



### Editorial Offices

1 E. Wacker Dr., Suite 700  
Chicago, IL 60601  
312.670.2400 tel  
312.896.9022 fax

### Editorial Contacts

EDITOR & PUBLISHER  
Scott L. Melnick  
312.670.8314  
melnick@modernsteel.com

### SENIOR EDITOR

Thomas L. Klemens, P.E.  
312.670.8316  
klemens@modernsteel.com

### ASSISTANT EDITOR

Tasha Weiss  
312.670.5439  
weiss@modernsteel.com

### DIRECTOR OF PUBLISHING

Areti Carter  
312.670.5427  
aretic@modernsteel.com

### GRAPHIC DESIGNER

Kristin Egan  
312.670.8313  
egan@modernsteel.com

### AISC Officers

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### Advertising Contact

Account Manager  
Louis Gurthel  
231.228.2274 tel  
231.228.7759 fax  
gurthel@modernsteel.com

For advertising information, contact Louis Gurthel or visit [www.modernsteel.com](http://www.modernsteel.com)

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