editor's note

THE NEWS THAT LUMBER LIQUIDATORS' STOCK IS TUMBLING SHOULD NOT BE SURPRISING TO ANYONE WHO KNEW WHERE THEY SOURCED THEIR MATERIAL FROM.

As *60 Minutes* reported: "Lumber Liquidators is a U.S. company, but much of its laminate flooring was made in China. And as we discovered when we first reported this story in March, it may fail to meet health and safety standards, because it contains high levels of formaldehyde, a known cancer-causing chemical."

This laminated flooring and other wood products are just the latest in a long line of faulty products produced in China. Whether it's fish (antifungal agents harmful to humans), toothpaste (potential poisonings), ceramic heaters (fire hazards), toy trains (lead paint), tires (tread separation issues), pet food (hazardous chemical additives) or more than 300 other reported issues in the past decade, there is a near constant stream of problems with Chinese imports.

Of course, the construction industry is not immune to this issue. It was only a few years ago that many U.S. service centers stopped stocking Chinese HSS over fears about quality issues. And we're all too familiar with the Chinese fabrication quality issues that slowed construction and resulted in massive cost overruns on the San Francisco-Oakland Bay Bridge. And I assume that most of us remember the expensive lawsuits over Chinese drywall and the emissions of sulfurous gases in as many as 100,000 U.S. homes.

A recent CNBC program quoted Rosemary Coates, a well-known consultant on doing business in China and author of "42 Rules for Sourcing and Manufacturing in China" as stating: "[American companies need to] understand that the contract is viewed differently in Asia than in the U.S. We sign and think that's the end, but in China the view is completely opposite. They start cutting corners as soon as production begins." As CNBC explained, "Chinese suppliers can often be negotiated down to their break-even price, after which they will need to find post-contract strategies to increase their margins."

In the case of private projects, it's clearly just a case of "buyer beware." A company risks its reputation to save money (a figure that's declining with the growth of reshoring in America and the increasing labor costs in China). Public contracts are a different story, though. First, the obligation to consider public welfare is higher when the government is paying the bill. But even more importantly, the economic costs of buying products or services overseas, as opposed to investing in American businesses and American workers, is incredibly high. Decimating your own tax base to save a very few dollars is not a smart move. Or as Dan DiMicco, chairman emeritus and former CEO of Nucor—and author of *American Made: Why Making Things Will Return Us to Greatness*—states: "A country that doesn't create or make or build things is a country doomed to mediocrity. Manufacturing, and the innovation that comes with it, is indispensable to the vitality of a great nation." How much of an impact? Every $1 spent in manufacturing activity returns an additional $1.34 in economic activity to the general economy.

While immigration issues may get more play in an election year, the more important issues deal with trade and its impact on the American standard of living. And that should be something everyone—Republican, Democrat or Independent—can agree on.

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