



# Why NOT make Olympic uniforms in China?

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**(CNN)** -- Patriotism, it has been said, is the last refuge of scoundrels. Indeed, with 86% of the American public disapproving of Congress' performance, refuge-seeking politicians have wrapped themselves in the flag to denounce the fact that the U.S. Olympic team's uniforms were manufactured in China.

Senate Majority Leader Harry Reid, D-Nevada, said he was "so upset ... they should take all the uniforms, put them in a big pile and burn them and start all over again." House Speaker John Boehner, R-Ohio, clucked of the Olympic committee at a news conference that "You'd think they'd know better."

To prevent such abominations in the future, six Democratic senators plan to introduce the "Team USA Made in America Act of 2012" next week. According to co-sponsor Sen. Kirsten Gillibrand, D-New York, the legislation will mandate that "(f)rom head to toe, Team U.S.A. must be made in America." (The [U.S. Olympic Committee announced Friday](#) that it was too late to remake the uniforms for the London Games, but said the U.S. clothing for the 2014 Winter Games would be made in the U.S.)

Perhaps the Beltway crowd can be forgiven for scoring some easy political points in election season, and the "scandal" will eventually burn out. But of greater concern is the lack of aptitude for basic economic and trade realities demonstrated by our leaders' remarks.

Trade is not a competition between "our producers" and "their producers." In fact, U.S.-based firms benefit from collaborating with foreign firms by carving up the production process into distinct functions and processes that suit each location's efficiencies and strengths. Just as trade enables U.S. consumers to benefit from lower-cost final goods, globalization enables U.S. producers to benefit from access to lower-cost resources put into the manufacturing system. That enables them to compete more effectively at home and abroad.

In the typical production supply chain for consumer products, of which apparel production is a good example, the higher-value, pre-manufacturing activities like designing, engineering, and branding, and post-manufacturing activities like marketing, warehousing, transporting, and retailing happen in the United States, while the mostly lower-end manufacturing and assembly activities take place abroad. In the end, the final product is a collaborative effort, with the majority of the value accruing to U.S. workers, firms, and shareholders.

So, what exactly is un-American about Chinese-made Olympic uniforms? [Nearly half of the clothing in America's closets is made in China](#), and almost all of the rest is made in other foreign countries. With a very few exceptions, we simply don't cut and sew clothing much in the United States anymore.

But we design clothing here. We brand clothing here. We market and retail clothing here. The apparel industry employs plenty of Americans, just not in the cutting and sewing operations that our parents and grandparents endured, working long hours for low wages.

Could Ralph Lauren -- the brand atop the long, integrated supply chain that takes apparel ideas from conception all the way to the consumer -- have forgone use of the Chinese factories that do most of the brand's cutting and sewing operations and, instead, contracted with U.S. factories for the Olympic uniform project? Yes, probably, but at significantly higher cost. Still, that change would have had to be a custom request of the private funders of the Olympic team, who -- unlike the Congress -- might have felt obligated to stay within budget.

Besides, the implication that producing several hundred uniforms in the United States would fix the national employment problem is humorous. Maybe it would have created a few dozen jobs for perhaps a few weeks, but not much more than that. Far more jobs would be created from the one extra day of certainty that would be afforded by Congress deciding today, as opposed to tomorrow, what the 2013 tax rates were going to be.

If you are still not convinced of the folly of our policymakers' objections, consider this: As our U.S. athletes march around the track at London's Olympic stadium wearing their Chinese-made uniforms and waving their Chinese-made American flags, there is a good chance that Chinese athletes will have arrived in London by [U.S.-made aircraft](#), been trained on U.S.-designed and -engineered equipment, [wearing U.S.-designed and -engineered footwear](#), many having perfected their skills using U.S.-created technology.

Our economic relationship with China, characterized by transnational supply chains and disaggregated production sharing, is more collaborative than competitive.

The nature of that relationship is inherently beneficial to American consumers and the economy at large; despite the alarmism emanating from the halls of power, trade is not a win-lose proposition. Politicians should butt out and let the "competition" play out in the pools, tracks and playing fields.