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How U.S. Can Launch a Manufacturing Renaissance

By Andrew N. Liveris

The latest jobs data showed weak private sector growth – only 41,000 in May, far below expectations and a plunge from March and April. Manufacturers added an encouraging 29,000 of those. But without a national strategy, many lost manufacturing jobs are gone for good. To rejuvenate the economic base, allow industry to compete successfully again and re-grow jobs, the U.S. should launch an “Advanced Manufacturing Plan.”

Since 1990, the U.S. has lost three million manufacturing jobs – almost 20 percent. With these jobs went American leadership in many sectors, new Research & Development and too often, whole communities. These losses made America far more vulnerable to the current recession.

Manufacturing employs nearly 13 million people in the U.S. and six million in related fields. No other sector performs more R&D, drives more innovation, exports as much or contributes more to our nation's economy.

How do we launch a manufacturing renaissance in America that will create meaningful, well-paying jobs and win in global competition? We should look beyond today's recession and recognize that stimulus should favor investment over transfer payments, and focus on:

- **New infrastructure** that leverages private investment in plant and equipment, and modernizes our nation's communication networks, electric grids, and air, sea and land transportation systems. This will extend the lifespan of the nation's infrastructure, boost domestic manufacturing and improve the quality of life of every American.

- **R&D** that's cutting edge. The experiences of competing countries demonstrate that R&D investment leads to greater economic growth, worker productivity and higher standards of living. We have begun to make progress. At Dow, for example, we are stepping up our partnership with the government in this call to action. With Joe Biden today I am laying the cornerstone on a breakthrough lithium ion battery factory – Dow Kokam – supported by recent federal grants. To increase advanced manufacturing, the U.S. needs to reinforce R&D spending.

- **Education** that leads the world. The U.S. needs to enhance student skills in science, technology, engineering and mathematics (STEM), where we widely lag global competition. In the past, STEM education and workforce training was a key U.S. strength, underpinning its manufacturing leadership.



Dow and other major US corporations must work with the administration to co-invest in American infrastructure, R&D and education. Beyond establishing areas for long-term investment, the Advanced Manufacturing Plan should also address some obstacles to growth:

- **A “PRO-TRADE” policy on trade** that creates a “level playing field” with limited tariffs and barriers to entry. The U.S. should adopt pending trade agreements such as Doha which ensure that same treatment with key foreign partners – reciprocal market access to enable free and fair American participation. Competing countries are negotiating easier market access for their manufacturers, at the expense of American operations.

• **An Alternative Energy Strategy** that will secure the abundant energy that industry needs to stay competitive. Energy is the lifeblood of U.S. manufacturing, but we have no comprehensive policy to support it. We should become far more efficient in its use, seek lower carbon alternatives and, with proper safeguards, expand traditional supply.

• **Regulatory Reform** is required for U.S. manufacturing, especially as concerns the environment. Regulation is necessary, but smart regulation isn't always practiced. All too often we see rules that bog down product innovation or that lack a solid scientific basis.

• **U.S. Tax Policy** should support manufacturing, not militate against it. Our corporate taxes rank second highest among OECD countries, and are only going up. The House's jobs bill will raise taxes \$80 billion on U.S.-based corporations and small employers. Next year, taxes will rise on capital gains, dividends and small businesses. Also, the U.S., unlike every other major OECD economy, taxes on a worldwide not territorial basis. And our tax credits on R&D investment rank 23rd among the major OECD countries.

• **Reform in civil justice** is needed to support Advanced Manufacturing and end lawsuit abuse. In the U.S., unlike other OECD countries, plaintiffs' lawyers unduly burden corporations with demands for compensation disproportionate to their client's injuries, or even when there's no injury.

America needs an integrated and strategic approach that will incentivize manufacturers to create the jobs of the future. The patchwork of incentives launched to address the recession has not turbo-charged the private sector growth engine of the world's largest economy. Many more permanent private sector jobs are needed quickly. We face deep-rooted economic and policy headwinds that discourage good private job formation. These can be addressed through an Advanced Manufacturing Plan, if the U.S. is ever to prevail in global competition. We are playing with our children's' future, because if America gives up on manufacturing we are surrendering their future to others. We can either have the future we choose, or settle for the future we allowed.

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