



## The Manufacturing Council

WASHINGTON, D.C. 20230

March 22, 2010

Dear Mr. Secretary,

As your Manufacturing Council we are pleased to submit our final letter to you since being appointed two years ago. We have been very grateful to serve by providing our unvarnished views on the issues facing manufacturing in America and how we as employers feel manufacturing can be revitalized. We have been gratified with the responsiveness of the administration with regard to trade issues and access to credit. We are very supportive of the Department's emphasis on expanding exports and the need to enforce rules based free trade. Access to credit while still not robust, is improving according to experiences of Council members. Thank you for your concern for manufacturing and your action to support our needs. We know you share our belief that manufacturing in America is good for our economy in so many ways from jobs for Americans, to ensuring national security, to being the wealth creation engine for the country.

Although there is talk of the recession "bottoming out", **the catastrophe of manufacturing job loss in America is a problem to be solved, not a reality to be accepted.** This Council was formed with much fanfare in 2004 with the promise that manufacturing would receive policy support and would be the focus of revitalization. Unfortunately since the inception of this Council, America has lost 2.4 million manufacturing jobs<sup>1</sup>. In the last year alone we have lost 1.5 million jobs<sup>2</sup> and over 14,000 manufacturing companies<sup>3</sup>. The problems for manufacturing are not simple and will likely not be solved solely within the Department of Commerce. **Solutions that revitalize American manufacturing will need to come from many parts of the government working together.** The Departments of Commerce, Labor, Energy and Treasury, along with the USTR, will need to work closely together as a team and with congress to enforce and create rules and enact legislation that results in a comprehensive industrial policy. **We believe that nothing short of declaring a national emergency resulting in comprehensive industrial policy will prevent the further erosion of manufacturing's impact on our economy.** The Administration's "Framework for Revitalizing American Manufacturing" is an important first step in that direction and we have made comments on this report as a part of this letter.

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<sup>1</sup> International Trade Administration, U.S. Department of Commerce

<sup>2</sup> Ibid.

<sup>3</sup> *Manufacturers News*

In our last letter to you in December of 2009 we outlined a comprehensive set of proposals with the headlines of “Increased Exports” and “Decreased Imports”. Increasing exports, as you have so well outlined, is accomplished in our opinion by enforcing rules-based trading with our trading competitor countries. Decreased Imports must in our view be focused on oil and the conversion of the U.S. transportation fleet from oil based to the many technologically ready alternatives. Already we are seeing gasoline prices rise as the global economy recovers and there are incidents already of allocation of oil and gas based feedstocks. **The time for leadership on reducing oil imports is now. If as a country we wait for the market to react to these effects, the remedies may actually be out of reach.**

The administration has been emphasizing that the need to create jobs is urgent. Not only is the loss of jobs at an historic high, but the fact that they have not come back for so long after this recession is historically unprecedented. This demonstrates a **structural change in our economy that requires comprehensive solutions**. While we believe the administration’s call for jobs legislation is on target, we believe the reason for the unprecedented slowness of jobs returning after this recession is not because of a lack of stimulus or lack of incentive, it is because of a **lack of clear signals to the market about what the future will bring**. Uncertainty about Cap and Trade, uncertainty about R&D tax credits, uncertainty about trade enforcement, uncertainty about currency manipulation, uncertainty about credit availability, all result in business leaders holding back on new investments in our facilities and in new employment opportunities. What is needed is not only clarity, but also the kind of actions that assure profitable growth for American Manufacturing. **When and if these uncertainties are positively resolved, new investments can and will drive the creation of new jobs that will restore America** and bring back a sense of independence that is sorely needed today. Ultimately we believe that while some jobs may be created with a reward being paid to an employer for hiring a new employee, we believe that money would be much better spent on policies that would resolve the uncertainties mentioned.

This letter takes a different form than previous ones in that we are presenting short “bulleted” points to outline our views on the “Framework for Revitalizing American Manufacturing”, R&D and innovation, short term job creation, and supply chain concerns.

Mr. Secretary, our concerns are sincere and our hope for revitalizing America through the manufacturing sector is ever present! We look forward to a future where manufacturing is once again the engine of growth for America, a future that is not only possible, but in our view mandatory.

Thank you for the opportunity to serve you, we wish you and the administration well as you provide continued leadership in manufacturing in the future.

Sincerely,

Fred Keller  
Chair of the Council

Attachment