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Opinion: Manufacturing is essential for U.S. recovery in jobs

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I grew up in western Pennsylvania, in a once-thriving middle-class community in the heart of the Shenango Valley. The wave of deindustrialization that swept across the Rust Belt in the 1980s and 1990s hollowed out my hometown, eviscerated its middle class and slashed family incomes from 13 percent above the national median to 30 percent below it — all in the space of a single generation.

I've been wondering if a similar fate awaits Silicon Valley.

Corporate America's obsession with downsizing and off-shoring has gutted our ability to manufacture the most advanced high-tech products of tomorrow. And while the loss of manufacturing jobs is not a new story, our latest economic collapse serves as a harsh reminder that we must do more to prevent the demise of manufacturing jobs in the United States. Just last week, we received yet another disappointing jobs report, with almost all of the growth due to the hiring of Census workers.

We need a concerted effort to reward companies that create manufacturing jobs. Among the steps we must consider:

- Level the international playing field so

manufacturers have less financial incentive to go overseas — on everything from currency valuation to effective tax rates.

- Encourage federal, state and local governments to aggressively assist innovators in financing, building and operating manufacturing facilities.
 - Adopt dependable tax credits for research and development.
 - Strengthen our patent system to protect and reward innovation, and punish those manufacturers who infringe on our patents.
- Just look at the semiconductor industry, the driving engine of Silicon Valley. Today the United States leads the world in only one semiconductor category: the number of plant closings. In 2009 alone, 15 semiconductor plants shut down in the United States, up from four the year before. In the past five years, we have lost nearly half of our semiconductor manufacturing capacity, and today produce only 14 percent of the world's supply of a device that America invented 52 years ago. The same goes for the burgeoning solar energy industry, also invented right here in the United States. China dominates the market while the U.S. produces only 5 percent of solar cells. Wind energy turbines? The number of U.S. wind-turbine manufacturing facilities actually fell by a third last year, with a loss of 1,500 high-tech manufacturing jobs. Electric and hybrid car batteries? Electronic displays for tomorrow's gadgets? Advanced materials? In virtually every high-tech manufacturing sector of tomorrow, America is a bit player today. Yet the myth persists that as long as we are strong in research and development and services, we can happily wave goodbye to manufacturing jobs. What we fail to understand: Manufacturing is the most powerful economic force multiplier in the world, creating up to

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15 additional jobs for every job on the factory floor. And it works the other way. Every lost manufacturing job creates a ripple that destroys additional jobs and erodes income. We all should be thankful that Tesla and Toyota have committing to manufacturing at the former NUMMI plant. But unfortunately, that's a rare exception. Outsourcing manufacturing jobs aggravates the "jobless recoveries" we now experience. In the first seven recessions after World War II, the average employment-recovery time was four months. In the 2000-2001 recession, employment recovery took 30 months. It will likely take even longer in this current downturn. So here's an axiom of economics that we seem to have forgotten: Unless high-tech innovation is tied to value-added manufacturing, no society can capture the full economic benefits of new technology. We must start creating manufacturing jobs so Silicon Valley can avoid the fate of the Shenango Valley.

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