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Misperceptions, Challenges, Hope

While U.S. manufacturing hasn't disappeared as some might presume, it does face special challenges. However, industry-performance data and individual encounters offer me hope for long-lived manufacturing in America.

Column from: [Modern Machine Shop](#), Derek Korn, *Senior Editor*

Posted on: 11/16/2009

When people with no real connection to manufacturing find out what I do for a living, it's not uncommon for them to remark: "I didn't think we made anything in this country anymore." Perhaps this happens to you, too. I guess it's to be expected given the bad economic news that flows from some media outlets and the Made In (insert country other than America here) stickers adhering to many consumer goods.

Forgive the seasonal cliché, but, yes, Virginia, there is still manufacturing in America, and it continues to play a critical role in our economy. "Facts About Modern Manufacturing," a recent report by The Manufacturing Institute (the research arm of the National Association of Manufacturers) is remindful to many in manufacturing, but it also offers information about U.S. industrial output that's not common knowledge to others.

For instance, it's true that manufacturing constitutes a smaller share of our gross domestic product (GDP) than it once did. However, if U.S. manufacturing was viewed as a stand-alone country, it would be the world's 8th largest economy. Last year it generated \$1.64 trillion worth of goods. Manufacturing continues to generate more economic activity per dollar of production than any other business sector in the country. The United States accounts for 40 percent of all research and development spending in the industrial world. In addition, while the Chinese economy is growing at a quick rate, ours remains the largest in the world when measured by total GDP.

What's truly impressive is that this level of performance is achieved in spite of issues that are effectively beyond a manufacturer's control. We currently have the second highest corporate tax rate among our major trading partners. Rising health care costs have grown from 7.2 percent of manufacturing compensation in 2001 to nearly 10 percent today. Manufacturers spend an estimated \$162 billion annually to comply with economic, environmental and workplace safety regulations as well as tax compliance. Plus, the total cost of U.S. tort claims exceeds \$250 billion a year, which is more than 2 percent of GDP.

My job affords me the opportunity to visit leading shops and manufacturers that succeed in spite of these and other challenges. They do that by cultivating workforces with high technical prowess, implementing continuous improvement efforts and building strong relationships with customers and suppliers alike. They exude manufacturing ingenuity and innovation. They have been and will continue to be underpinnings of our country and keys to our nation's continued success. For these reasons, I tip my hat to them.

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