



James B. McGregor Sr.
Vice Chairman
McGregor
Metalworking Co.
Springfield, Ohio

Enact agenda to revitalize U.S. manufacturing

I recently visited the White House as a representative of small and medium-sized businesses (SMBs) for a meeting with Vice President Joe Biden to discuss the administration's plans to revitalize manufacturing in America. The event coincided with the launch of the administration's new Manufacturing Agenda, which states in part, "Fundamentally, if we want to capture the positive benefits from a vibrant and thriving manufacturing sector, the government must help create a competitive business climate."

As a small manufacturer, I couldn't agree more. Here are four initial steps toward revitalizing manufacturing.

Understand manufacturing's cost structure. First, the government should gather a more-sophisticated understanding of manufacturing-sector dynamics, particularly regarding SMBs like mine. I serve on the Manufacturing Council, a forum set up by Secretary of Commerce Gary Locke to ensure regular communication between the federal government and manufacturers. It recommends an international cost and competitiveness analysis to identify areas where we are at a competitive disadvantage with companies overseas. We cannot develop a strategy to reduce costs before reaching a fundamental understanding of exactly what those costs are. Without an overarching strategic rethinking of how to improve our competitiveness, manufacturing will continue to shrink each year.

Address the credit crisis. One big problem threatening recovery is the unprecedented difficulty small businesses, particularly manufacturers, face getting bank loans for operations and investment. Small companies in our business must purchase substantial amounts of raw materials. Often, full payment for our deliveries takes six months or longer. I've seen the credit crisis prevent profitable companies from investing in their businesses and hiring more workers. The administration's initiative to channel unspent TARP funds through community banks for small business loans is a potentially productive way to get us needed credit.

Address our global trade imbalance. On this point, the Manufacturing Council's recommendations could not be more clear: Correct the trade imbalance with China, which now accounts for more than 60% of the manufacturing trade deficit. Solutions include eliminating currency manipulation, subsidies to foreign manufacturing firms, and barriers to U.S. exports.

Incentivize — don't discourage — manufacturing. American manufacturers are burdened with costs that put them at a global disadvantage. For example, more than 70% of manufacturers are S Corporations, partnerships, or family owned companies. Congressional tax increases on higher income brackets also apply to our companies, depriving us of needed resources.

The current health-care system is drowning small businesses with skyrocketing costs, yet the health-care bills drafted by the House and Senate contained a variety of tax increases on small businesses, from payroll taxes to an excise tax on health-insurance plans. While Congress often calls manufacturing a priority, policy-makers should understand the impact their actions have on the small firms that drive economic recovery.

SMBs are the heart of U.S. manufacturing and the job creators of our communities. We can compete with anyone in the world if we are on a level playing field. The time for action is now. **MD**

Edited by **Kenneth J. Korane**

Candy Coup-Link®

Make the Right Connection

Candy Coup-Link®, offers a full line of zero backlash, flexible shaft couplings.

Beam



Bellows



Curved Jaw



Disc



Oldham



Encoder



tel: (847) 588-2639
info@candycontrols.com
www.candycontrols.com

RS# 133