

# Manzullo makes case for restoring manufacturing base

## JOURNAL STAFF

McHENRY COUNTY — The manufacturing sector in the United States is struggling. It is operating at only 74.4 percent of its capacity, which is the lowest level in 20 years. More than 2.5 million U.S. manufacturing jobs have been lost in the past three years.



Manzullo

Domestic labor costs have forced some companies to relocate operations to foreign soil in an effort to become more competitive. Furthermore, an increasing number of U.S. companies are purchasing lower-cost, foreign-made parts from countries such as China.

Karen Patel, president of the McHenry County Economic Development Corp. (MCEDC), offers these statistics as proof that American manufacturers are facing a crisis. But she believes U.S. Rep. Don Manzullo (R-Ill.), chairman of the House Small Business Committee, has a solid assistance plan.

Manzullo is traveling throughout the state, meeting with economic devel-

opment groups and communities to discuss the threats faced by American manufacturers. He scheduled appearances twice recently in McHenry County. The first, with U.S. Rep. Phil Crane (R-Ill.), was a legislative luncheon May 28 hosted by MCEDC. He planned to return to the area June 23 to present "Restoring Manufacturing in America." That event was co-sponsored by the MCEDC and the Illinois Chamber of Commerce.

Ninety-five percent of all U.S. manufacturers are considered to be small- and medium-sized companies. Collectively, they employ more than half of all domestic manufacturing laborers.

In McHenry County, Patel said, manufacturing represents 30 percent of the total employment base — the highest percentage in the six-county Chicagoland region.

A number of factors are preventing these manufacturers from overcoming foreign competition, including rising insurance costs, tougher credit standards, tax burdens at the local, state and federal levels, the overvalued U.S. dollar, export controls, tariffs and barriers to foreign trade.

For example, new steel tariffs have caused domestic steel prices to spike as

much as 80 percent, and sales are being lost to foreign companies that are able to purchase steel at world prices.

"The bottom line is that we can't afford to lose our manufacturing base to foreign competitors ...," Manzullo said. "America's living standards will deteriorate immensely without a viable and healthy manufacturing sector. Our economy will continue to sputter, and our unemployed will continue to grow unless we act quickly."

The House Small Business Committee's agenda focuses on remedies to many of these factors, including a "buy American" campaign which would encourage both the private and public sector to pay a little more for higher-quality, domestically-produced inputs.

Manzullo said the U.S. Small Business Administration's Business and Enterprise Development Programs should be reoriented to assist manufacturing positions. Historically, the programs helped more small businesses in the service sector. Manufacturing jobs typically pay \$5 an hour more than service jobs, while spinning off 6.5 related jobs for every new manufacturing job, Manzullo said.

"With a revitalized manufacturing sector, depressed communities will re-

bound, creating opportunities for our children and grandchildren," Manzullo said. "Manufacturing then represents true economic security for America."

Manzullo also offers a proposal that would empower the Small Business Development Centers to replicate the business matchmaking program for their areas. Matchmaking programs would link small businesses with government and private-sector customers at annual matchmaking events.

In a hearing earlier this year, Manzullo also called for making the Small Business Administration's guaranteed loan programs more attractive and useful for small manufacturers by increasing their statutory loan limits. A heavy majority of loan guarantees currently go to service-oriented businesses. That's because industrial construction is more expensive, and the loan limits are too low for manufacturers, Manzullo said.

Patel said both her organization and the Illinois Chamber of Commerce will continue to work with Manzullo and other legislators to strengthen American manufacturing. "The success or failure of that (manufacturing) sector will have a direct impact on so many other businesses," she said.