

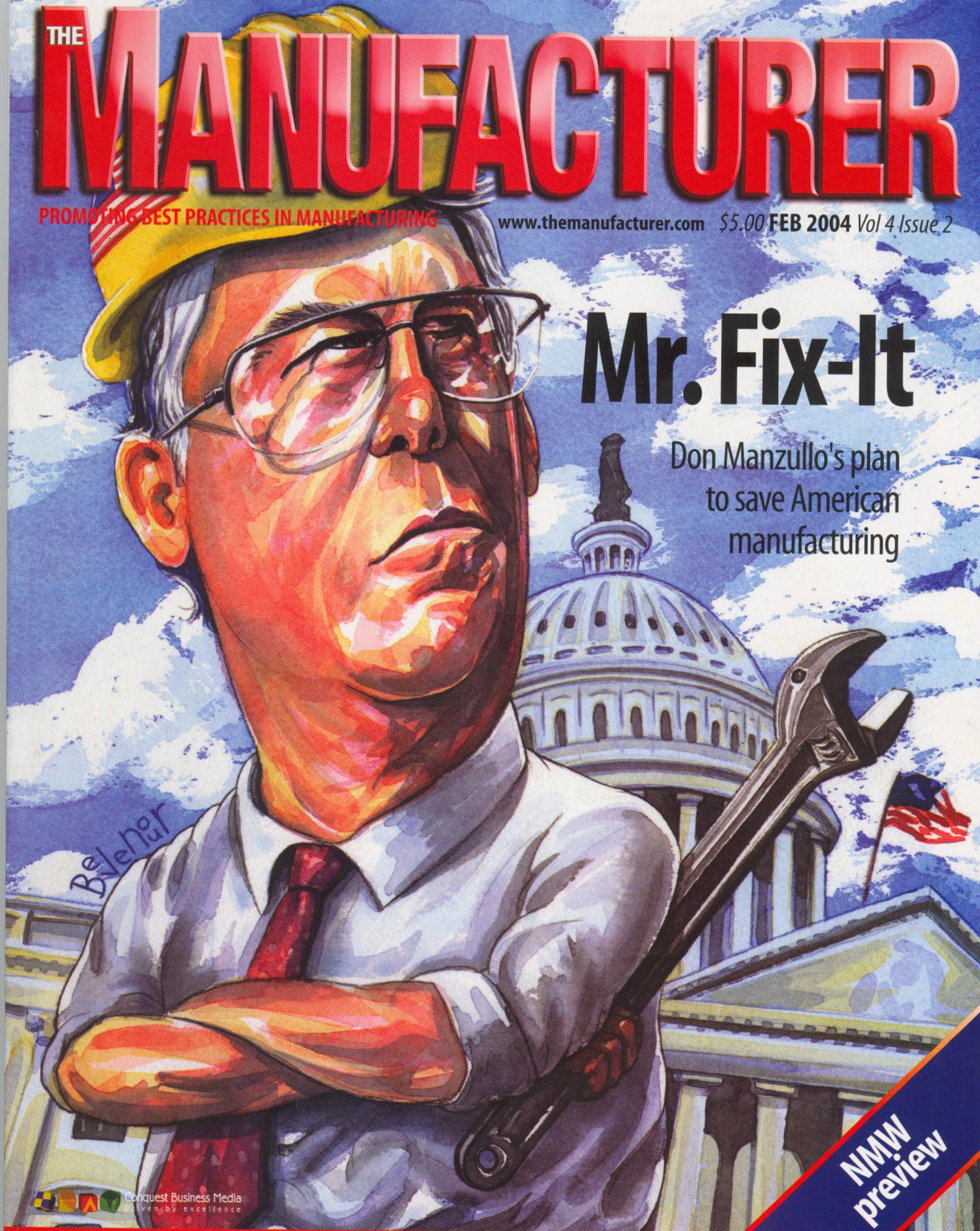
THE MANUFACTURER

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Mr. Fix-It

Don Manzullo's plan
to save American
manufacturing



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Mr. Fix-It

US Representative Don Manzullo (R-IL) tells Kevin Hogan how he thinks the US manufacturing base can be saved. Will it work?

When Don Manzullo steps to the microphone this month in Chicago, IL, at National Manufacturing Week, executives in attendance should not expect the proverbial pat-on-the-capitalist-back from the six-term Republican US Congressman from the Sixteenth Congressional District of Illinois, who also chairs the House Small Business Committee. In fact, they better get ready for a stern talking-to.

"We're reaching a point where someone has to start the conversation about what the current corporate culture is doing to our manufacturing base," he says in a tone that sounds very much like a warm-up for his keynote speech. "Every day, more and more American factories are closing up shop and moving to places like China and Mexico. It's not going to stop unless we do something about it."

Manzullo sounds frustrated as he describes the issues facing his constituency. He represents a district that runs along the northern border of Illinois and is heavily invested in manufacturing and agriculture. Rockford, IL, the district's largest city, is one of the most densely populated manufacturing communities in the United States, with more than 950 factories. Manzullo says they are suffering as much as any time in his memory.

"You probably don't remember, but this part of the country led the nation in unemployment in 1981. Well, it has among the highest unemployment rates again today," he says. "Many of these operations are family-owned and employ under 100 people. When one or two customers relocate or start sourcing to Asia, these people have to fold it up."

And while Manzullo finds plenty of blame to pass around for the evaporation of the US manufacturing—from unfair currency valuations by foreign governments to his own colleagues reluctant to offer tax breaks for companies who keep operations in the homeland—he doesn't flinch from suggesting that the CEOs who cry that they have no choice except to go offshore may be protesting a bit too much. "It used to be that executives measured success how well a company served its customer, built a quality product, raised a reasonable profit. Now it's all about how high the company's stock closes, how high is the annual profit margin, how much more did you make than the other guy?"

Manzullo scoffs at the idea that going offshore is inevitable, and that cheap labor is the be all and end all. "While companies may have to pay a little more, they should be out actively inviting ►



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Interview



US Rep. Don Manzullo

1944

Born in Rockford, IL

1962

Graduated Auburn High School in Rockford, IL

1967

BA from American University

1970

JD from Marquette University

1992

Elected to US House of Representatives

2001

Appointed Chairman of the House Small Business Committee

“... bids from American suppliers. If it means saving a US factory, or creating a few new jobs at a US factory, isn't that worth it?”

Manzullo has been asking such questions since he was first elected to serve on Capitol Hill in 1992 and has been heavily involved in the often conflicting issues surrounding free trade and preserving jobs. While an avowed free trader, he has taken steps in his position as chairman of the Small Business Committee to wrestle with some of the more undesirable effects of globalization on manufacturing jobs. In July 2003, he organized more than two dozen of his House colleagues into a special caucus that focused on job preservation.

In October 2003, he released a presentation entitled “Restoring Manufacturing in America,” an eight-point prescription. Item agendas included legislation (H.R. 1769) that would provide lower tax rates to manufacturers the more production they keep stateside. Coauthored with bipartisan support including Reps. Phil Crane (R-IL), Charles Rangel (D-NY) and Sander Levin (D-MI), the law would reduce the corporate tax rate by 10 percent for US manufacturing. He also seeks a GAO investigation into what he believes to be the illegal practices of foreign governments to peg their currencies to the US dollar. He points to the National Association of Manufacturers study that estimates two-thirds of the US trade deficit with the East Asian countries is due to manipulations. “This practice is costing US manufacturers billions of dollars in lost exports while putting American workers on the unemployment lines,” Manzullo said at the time. “This resolution backs up recent statements by Treasury Secretary John Snow, Commerce Secretary Don Evans and President Bush. It sends a strong message that the United States government strongly condemns currency manipulation and expects its trading partners to treat the people, producers, workers, farmers and manufacturers of the United States fairly.”

Of course, he also believes that the govern-

ment needs to practice what it preaches. In 2001, Manzullo helped influence the US Department of Defense's decision to rescind deals to make US military uniforms abroad. The Pentagon eventually rejected all berets that were to be made in China. In addition, the Pentagon agreed to cancel its beret contracts with companies from Romania, South Africa and India, and instead developed domestic sources for the equipment. “How ridiculous is it that the military were to have their uniforms made by the Chinese? Why shouldn't those contracts go to American manufacturers?” he asks incredulously.

Manzullo's plan also calls on the government to reform US export control policies. Current provisions prohibit the sale of certain “dual use” products, such as high-tech machine tools, to certain governments that may cause national security concerns. Manzullo also believes that some agencies have become “heavy-handed in the way they use the

visa policy to unduly restrict access to the United States for foreign customers, tourists, and others seeking to spend money in our country. Congress must revise these policies which discourage foreign customers from doing business with US manufacturers.”

One of the points on Manzullo's October checklist is checked off—rescinding the Administration's tariff on imported steel, which the administration lifted in December. But the other initiatives have yet to stem the flow of exported operations. While Manzullo sounds frustrated, he certainly in no way seems resigned to the situation. “The latest tally is over three million hardworking Americans have lost their jobs, most of them coming from manufacturing,” Manzullo says. “What many people, many of the guys who are sending these jobs overseas, don't seem to realize that it's not going to stop without everyone, government and business alike, doing something about it.” For all the manufacturing executives attending the NMW keynote speech: you better be taking notes. ●

Now it's all about how high the company's stock closes, how high is the annual profit margin, how much more did you make than the other guy? While companies may have to pay a little more, they should be out actively inviting bids from American suppliers. If it means saving a US factory, or creating a few new jobs at a US factory, isn't that worth it?