

The MAKINGS *of a* NEW AMERICAN INDUSTRIAL REVOLUTION



BY / BECCA BROADDUS

The MANUFACTURING INDUSTRY
IN THE U.S. IS GROWING
AMIDST A RENEWED PUSH TO
“**BUY AMERICAN**” AMONG
DOMESTIC CONSUMERS.

Already, much of what America consumes, America makes, but since the recession in 2008, manufacturing on American soil and the promotion of locally sourced and locally made products has been on the rise.

The recession spurred a change in consumer culture, according to Department of Marketing Chair and Professor Chris Pullig.

“You see a lot of companies branding locally sourced or regionally sourced as well as ‘Made in the USA,’” Pullig said. “People will buy and actually pay a price premium for products they think has this other benefit of supporting the local economy. When things get tough, like the recession, people tend to withdraw and focus just on their needs and surroundings.”

In a recent Gallup poll, 45 percent of Americans claimed they’d made an effort to buy products made in the U.S. More than 60 percent of those consumers attributed the strategic purchases to one of two motives: patriotism or stimulation of job growth.

“It has more to do with the values and the social undercurrent right now of taking care of our own rather than patriotism or ethnocentrism, which is contrary to what a lot of people think in business,” Pullig said.

The **RESHORING MOVEMENT**, the opening of manufacturing plants in the U.S. rather than overseas, is not solely because of an increase in consumer interest, though.

"The talk [of reshoring] really got serious as oil prices went up and transportation costs started to go up," Department of Management Chair Blaine McCormick said. "But also, the advanced manufacturing trends that we see that lower the cost of labor. Everything from robotics in manufacturing to additive manufacturing [3D printing], those advances along with the rise of high transportation costs, a new engineering culture and cheap, reliable electricity, I think those all converged into this conversation."



Many companies are making moves to bring manufacturing back to American soil because it makes good business sense. The business news section is full of examples. The new Tesla lithium ion battery factory in Nevada, called the Gigafactory, is scheduled



to begin cell production in 2017. Boeing builds planes in Washington. Many Toyota trucks are made in Texas. Even the production of pink yard flamingos has been moved back to the U.S.

The "Made in America" segment on ABC's World News Tonight with David Muir is a testament to Americans' renewed interest in manufacturing at home. Recently, a May 2016 segment covered Marriott's decision to replace the towels in their nearly 3,000 American hotels with towels made in the U.S.

"The manufacturing that's reshoring to America is much less labor intensive and much more high tech than the manufacturing that left decades ago into other countries," McCormick said. "Warehouses are no longer dark and dirty. Warehouses now are highly automated, robotic wonderlands."

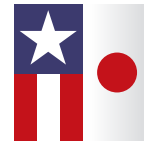
With the increased automation of manufacturing, other stages of the supply chain are being affected, like transportation and communication. By 2025, Daimler expects to mass produce a driverless tractor-trailer, a move that faces safety concerns and potential governmental restrictions.

Despite the influx of plants and factories to the U.S., the technological improvements reduce manual labor needs, and the job openings that are available require more tech savvy skill sets. Many Americans, including politicians, are concerned with the effect increased trade liberalization will have on this upward trend. The displacement of unskilled labor and the wage stagnation of recent years is often falsely attributed to trade increases rather than technological advances, according to Emeritus Professor of International Economics Joe McKinney.

McKinney attributes the negative connotations of the North American Free Trade Agreement (NAFTA) to technological shifts in labor needs in the 1990s and early 2000s.

"When you look at the data, there were special provisions for trade adjustment assistance for people displaced by NAFTA," McKinney said. "They were hardly used at all because there was so little displacement. And in fact, we had a huge increase in employment in the decade after NAFTA was implemented."

As the presidential campaign rhetoric criticizes trade liberalization efforts, two major trade agreements have reached their final stages.



In February 2016, 12 countries signed the Trans-Pacific Partnership Agreement (TPP). The 12 countries, which include two of the world's largest economies, the U.S. and Japan, account for approximately 40 percent of the world Gross Domestic Product (GDP) and 26 percent of global trade.

"I think that the TPP has significant potential to be very beneficial to the U.S. on a number of grounds," McKinney said. "Among other benefits, it will reduce tariffs of some important trading partners, so it will open up considerable export opportunities."

TPP will come into effect within two years, if all 12 countries ratify it. The agreement could go before the U.S. Congress following the 2016 elections. Meanwhile, President Obama's administration has been pushing to conclude the Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations by the end of the year.

With the election, it's unclear what trade policies will take effect and whether it will affect the growth of manufacturing in the U.S., but regardless of a person's stance on trade liberalization, the next few years should prove important.

McCormick believes America will continue to grow manufacturing domestically and veer away from its historically recent push for a more service-based economy.

"We're makers," he said. "We're created in the image of the Maker. Maybe we've lost that maker image deep inside of us, but we're asked to be co-creators. This is the backbone of our economy. My opinion and my hope is that we've hit the high-water mark of the service economy, and we will begin to revive and reshore a new kind of manufacturing and maker economy."