

Q&A: Manufacturing is core to American prosperity

Interview with Michele Nash-Hoff

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Veteran San Diego manufacturing and high-tech observer Michele Nash-Hoff has warned over the years that sending manufacturing overseas is hollowing out the economy. Nash-Hoff published a book on the problem in 2009; "Can American Manufacturing Be Saved?"

Nash-Hoff recently discussed the state of manufacturing with the North County Times. That interview is presented below, edited for space and clarity.

Question: You've said that America's free trade policies are really unfair. Would you elaborate on that?

Answer: Countries have a policy of actually pricing their products nearly at cost in order to take over an industry. Japan first did it with our TV industry, which destroyed the American television industry. It's a practice which has been followed in various categories of industries, one after another, in order to take over a market.

And once you have taken over a market, you can gradually increase the prices to make a profit.

Q: Can't we go higher up the value chain by innovation, and get companies in fields, such as Qualcomm in the wireless industry, that will create even more value?

A: China is now targeting those same industries. They are actually discouraging the high-labor, low-value added industries in their country, and encouraging the companies to become more high-tech. So they are trying to get into the same niche, where we think we have the advantage.

The other thing is, you have to know how to make something, to be able to make the next generation of that product. So if we lose the ability to design and manufacture products here, we can't come up with the next generation of products.

And the most serious one is the loss of our printed circuit board industry. We've lost 74 percent in the last 10 years. We have to be able to keep that, because every single one of our military and aerospace products is dependent on printed circuit boards.

Q: How can we as consumers help American manufacturing?

A: Buy American. And that's tough to do, because you can go in a store like Walmart and hardly find anything made in America. We need to complain to the managers of the stores, why aren't you stocking anything from American companies?

We can also choose when we're buying something. Buy an American car instead of a foreign car.

Q: What can the government do to encourage manufacturing and the creativity to keep it strong?

A: One way is to restore the investment tax credit here in California. When companies can get a tax credit for R&D (research and development), they have more incentive to do it. The federal government can provide more small business research grants under the SBIR (Small Business Innovation Research) program.

In other parts of the country, we have a lot of incubators. We only have one left in San Diego, the San Diego Technology Incubator at San Diego City College.

Q: What else can the state do?

A: Cut taxes. The top four suggestions I have are:

-- Lower taxes. We need to reduce the corporate and personal taxes by at least two percent to be competitive with other states.

-- Restore the capital equipment investment tax credit.

-- Worker's compensation reform in areas of fraudulent claims and frivolous lawsuits.

-- Eliminate some of the burdensome regulations on small businesses. California EPA has stricter requirements than the federal Environmental Protection Agency. It's a double layer on California businesses. It makes it harder for them to do business in California compared to other states.

Q: How are California's political leaders responding to these problems?

A: We have a Legislature controlled by people who have no understanding about what California business is like. We need to be looking at what candidates stand for. Do they stand for America first, protecting American jobs?

Manufacturing jobs are the foundation of the middle class. When we lose our manufacturing base, then we've lost our middle class.

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