

OFFICE OF U.S. SENATOR SHERROD BROWN

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BROWN REMARKS ON RENEWING AMERICAN MANUFACTURING FOR THE ECONOMIC POLICY INSTITUTE

Washington, DC – U.S. Senator Sherrod Brown (D-OH) released the following prepared remarks on Renewing American Manufacturing from today's *Shared Prosperity* forum held by the Economic Policy Institute:

“Good morning, and thank you for having me here today. Thanks to Larry Mishel, Ross Eisenbrey, Rob Scott and everyone at EPI. Thanks also to Susan Helper, whom I've known for several years. In the paper Susan is presenting today, she outlines the challenges and opportunities that exist for manufacturing today. It is a matter of great urgency.

“Over the last 12 months, I have held more than 80 roundtables across Ohio. A couple of weeks ago, we held one in Tiffin, Ohio, outside of Toledo. Tiffin has a population of about 20,000. Like many towns in the Midwest, it grew enormously in the early part of the 20th century. Tiffin was an industrial powerhouse. Its success was built on the budding chains of supply and transportation in the industrial heartland. The rails connected towns like Tiffin to ports in Toledo and Cleveland. Coal and iron ore were shipped in from Appalachia and the Great Lakes.

“This wave of industrialization changed the face of America – and the middle class used its strength and power to change the course of society. This era is also when the Progressives began to make strides in labor rights, women's suffrage, antitrust laws, conservation, and the social safety net.

“At the Tiffin roundtable, some of the discussion was around a recent WARN notice given to workers at American Standard. American Standard makes plumbing fixtures, water fountains, porcelain counters, and the like. The Tiffin plant has been operating since 1890, and for the last several years has been supplying Home Depot and Lowes. Last October, the company was spun off and purchased by Bain Capital. A month later, Bain sold a controlling interest to Sun Capital and the workers were told the plant would close. There are about 165 workers left – down from 650 in 2002. Many of the American Standard workers are in their 50s. Like so many other workers, their lives have been upended. For most, the pensions and health care that they planned on will be slashed.

“Bain Capital, as many of you probably know, is Mitt Romney's company. As you may also know, I have not been very active in the Republican primaries. But part of me wanted Mr. Romney to survive a bit longer, because I would have loved for him to come to Ohio, to places like Tiffin, to share his vision of how to renew manufacturing in America.

“We have seen again and again how Bain and other venture capitalists come in and cut pensions and health benefits. They create jobs alright. It's just in the wrong countries. This is their business model. Downsizing is met with short-term gains for the venture capitalists. This is one of the key business models that is de-industrializing America. We see it with Delphi. When bankruptcy means that skilled workers get pink slips, or make concessions on pensions and health care – AND ousted CEOs get millions – something is very wrong.

“The growing disconnect between work and reward is dangerous for our economy. For the past three decades, we have seen a decoupling of wage and productivity growth. Manufacturing is largely responsible for the

quality of life that Americans enjoy. Our prosperity – and our national security – relies on a strong manufacturing base. Yet, the manufacturing share of the American economy has been slipping. In 2005, manufacturing accounted for 12 percent of GDP. That is down from 15 percent less than a decade earlier.

“We are all well aware of the damage the Bush administration has done to manufacturing since 2000. This administration has been marked by indifference towards manufacturing. Last week, the President’s budget called for ending the Manufacturing Extension Partnership (MEP) program – part of his larger Leave No Manufacturer Behind policy. We’re not going to let that happen. More than 40,000 manufacturing plants have been shut down in the U.S. since 2000. With that, more than 3.3 million manufacturing jobs have been lost – about one-sixth of all U.S. manufacturing jobs. As we see with American Standard and Bain Capital, or Delphi, the pressures of globalization make companies focus on getting rid of costs, and not investing for growth. A plant closing in Tiffin is met with support on Wall Street.

“So I ask you all to imagine what American manufacturing will look like in 20 years. We are at a fork in the road– and each single day we spend without working to renew American manufacturing means two days by our children and grandchildren paying the debt. Our political lives, just like our personal ones, are made up of choices. There are choices we have to make – on climate change, on trade, on tax policy. Congress will address climate change – and with that the creation of a market for clean energy and green jobs.

“By creating markets for clean energy, not only can we stabilize our nation’s energy supply and reduce our emissions of greenhouse gases, we can also bolster manufacturing in the Midwest. From wind, to solar, to biofuels, to clean coal technology, to fuel cells, we have the capacity to become a leader in clean, alternative energy manufacturing.

“In my state, we have a talented and hard-working labor force, tremendous agricultural resources, and an entrepreneurial spirit that needs only the investment dollars and commitment to alternative energy from government to realize our economic potential. Oberlin College, near Cleveland, has the largest building on any university campus in the U.S. fully powered by solar energy. However, Oberlin College had to buy the parts for its system from Germany and Japan because we do not make them in the U.S. In Germany, employment in clean energy reached 260,000 in 2006 and is estimated to reach 500,000 by 2020. There is no reason Ohio’s skilled workers can’t be building the solar panels, the fuel cells and the wind turbines that go into the production of alternative energy.

“In fact, we are starting to already. Outside of Toledo, known for decades as “Glass City,” First Solar produces more thin-film solar panels than any other facility in the country. Rising international demand has led the company to double the size of staff in the last two years. This happened in Ohio because First Solar’s efforts were nurtured by the publicly-funded Wright Center at the University of Toledo. We have a base of manufacturers and expertise in Ohio that, if supported, can lead the state and the nation.

“Through strategic investments in alternative energy we can not only create jobs, but we can grow an entire industry. In particular, many of the states that have suffered the greatest loss of manufacturing jobs now have the greatest potential to supply our growing alternative energy industry. In a recent study by the Renewable Energy Policy Project, Ohio ranked 2nd, just behind California, in the potential number of jobs created by significant investments in wind energy. More than 100 Ohio companies are involved with the production of components needed for renewable energy.

“However, manufacturers and workers will need assistance transitioning to this new economy. Innovative polices are needed to move us forward at a much faster pace. Congress must establish clear and bold policies to drive our green economy. A green investment agenda would include significant federal investments in federal tax credits for research, MEP, and worker retraining programs are a good first step.

“But of course, addressing American manufacturing’s renewal requires a global outlook. In Susan’s paper, she writes about “blocking the low road.” The low road is using globalization to drive down wages and standards. We need to block the low road which means addressing our trade relationship with China and re-designing the contents of trade agreements. For too long, business has protected its interests in trade. Why shouldn’t labor and manufacturing?”

“We want the middle class to grow. We also want a strong middle class in Mexico, one that will buy our products. The goal of globalization must be to raise standards, not lower them. That is why you see not just labor and environmentalists in the trade debate, but food and product safety advocates, small farmers, and faith-based groups. We have to hit the pause button on new trade agreements. The president wants three more under his belt before he leaves office, but he’s not going to get them. Right now, we have the opportunity to look at NAFTA, look at our trade relationship with China, and fix them.

“Then, we can learn from our mistakes and write new trade agreements that enhance growth, enable manufacturing to thrive, and lift standards abroad. Trade agreements that work for the middle class. Trade that is aligned with the national interest and the common good. Trade that results in more manufacturing jobs, not fewer.

“A few months after I was born, Ohio-native Charlie Wilson famously declared that what was good for the country was good for GM, and vice versa. That’s what I call aligning corporate and national interests. Corporations are not altruistic, and CEO’s are not selfless. They never have been. Wilson made his statement while testifying before the Senate Armed Services Committee, which had to pressure him to divest his GM stock before becoming Secretary of Defense. But when production and sales were principally in this country, our interests were more aligned. Today is a much different world.

“In 1953, we would have found it unthinkable for one of the Big Three to be run by a German. About a year ago, Intel announced the development of a new microchip in the U.S. Then, it announced a month later that it will manufacture it in China because the Chinese government gave the company a billion dollar subsidy. That is a big problem, especially when you can bet that much of the science – the R & D – was paid for by U.S. tax dollars.

“Across the board, we have not done a very good job of aligning the broad corporate interests with the national ones. We have done a very good job aligning our *laws* with narrow corporate interests – carried interest being but one example. But, we have choices. And, we are at a crossroads. In thinking about the challenges and opportunities of the moment, it is important to remember that America is still the largest consumer market in the world. We are the world’s top purchaser. With that is enormous leverage that we should not be afraid to use – whether it is about climate change, whether it is about trade, whether it is about making it easier for workers in Mexico, Colombia, and elsewhere, to join unions.

“We are in a moment of tremendous opportunity. On broader tax policy, on health care, alternative energy, the defense production base – good public policy could help U.S. corporations and their workers. It could also make sense when it comes to energy dependence and our national security.

“Manufacturing has been – and continues to be – the engine of U.S. economic growth. In Ohio, we value manufacturing. There is a valuable work ethic in manufacturing. There is dignity in manufacturing. Ohioans – like so many Americans – understand the words of Pope John Paul II: “We judge any economic system by what it does for and to ordinary people and by how it permits all to participate in it. The economy should serve the people, not the other way around.” Thank you for inviting me, and I’ll be happy to take any questions.”

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