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Thanks to China, our jobs are coming back home. Yes, they really are. Really.

Truth be told

Much of what we've heard and read about the decline of U.S. manufacturing isn't true, at least not to the magnitude we've been led to believe: We still produce the largest amount of manufactured goods that are consumed in the world! (And we make nearly 75% of what we consume here in America.)

Sure, there has been a decades-long surge of offshore manufacturing. But, it's coming back…BIG TIME. Millions of new jobs are expected to be added to the U.S. economy over the next three years due to the re-shoring of goods that are currently being made in China. Are we prepared for them?

Some background

Over the past few years, domestic companies that were once attracted to huge cost-savings and higher profits associated with China's low labor costs have been dealing with the fact that wages in China have increased significantly. Many of those companies had also failed to accurately calculate the "total cost" of manufacturing in China for the U.S. market and export, including factoring in higher shipping costs due to rising oil prices; increased shipping times (of weeks and months rather than days or hours); inventory-holding costs in domestic warehouses to keep up with sales; and defects or damages due to unreliable manufacturing methods and/or shipping procedures. The end result is that jobs have been returning.

Wages in China are increasing as the country's skilled-labor shortages continue to grow—*and as the growth of its better-paid middle class outpaces the rest of the world.*

Labor unrest is beginning. Worker wages have increased an average of 15-20% annually (with some manufacturers having to contend with previously unheard of increases to the tune of 40-100% in a single year). Workers in today's China are also more comfortable moving from one job to another for better benefits and working conditions.

While American workers are considered “high wage” compared with those in other parts of the world, our workforce productivity is nearly four times that of the Chinese workforce. U.S. manufacturing workers continue to be the most productive in the world—*out-producing even Europe and Japan* . Our manufacturing productivity rate further erodes China’s advantage of low-wage and low-cost manufacturing.

The homecoming

As China begins its steep wind-down in producing for the U.S. market, look out! To be specific, recently published studies by the Boston Consulting Group forecast that 2- to 3-million jobs (about a third of them in manufacturing) will hit our shores around 2015, generating, in turn, an estimated $100 billion in annual output.

Unfortunately, there’s a major product-liability risk emerging because of a globally fragmented supply chain. China has become the largest producer of counterfeit and trademark-infringed products entering the supply chain—*and there have been few repercussions.* As I’ve discussed in previous articles, the issue extends far beyond knock-off DVDs and purses. Counterfeit products include electrical circuit breakers and wiring for our homes and businesses; nuts, bolts, bearings and seals for our cars and trucks; and a whole host of consumer products that are in demand because of the low price. Many consumer electrical products (Christmas lights, extension cords, speaker wire, hair dryers, curling irons, etc.) are made in China using recycled copper. In fact, aluminum wiring plated with copper is being sold as “solid copper” wire and is a smaller diameter than the labels state. They’ve even counterfeited “UL Approved” labels, not to mention those of other trusted sources.

This stream of bogus parts creates problems for the manufacturing supply chain. In the past few years, more and more companies have closed their operations in China and returned to the U.S., not just because of greater production and shipping costs, but because of the liability associated with a tainted supply chain.

Our current reality

Today, there are nearly 600,000 manufacturing-related jobs that cannot be filled because the applicants don’t have the required skills and talents. We need a skilled, talented workforce to fill these job openings NOW—*as well as to handle all those new jobs that are projected to open up over the next three years.* But, it’s more than just skills/talents for operating and maintaining manufacturing plants that are lacking.

Who will repair our bridges and buildings? Who will work in our huge distribution centers and on the trucks that deliver our food and consumer goods? Who will keep our grocery stores and malls fit for business? Who will operate and maintain our water and waste water systems? Who will install and repair our cable TV and power lines? Who will see that our power plants and refineries operate efficiently? Who will take care of our hospital and clinic medical equipment? Who will run plants that process our milk and cheese, vegetables and breads, meats and desserts, our vitamins and medicines? The skills and knowledge requirements are all pretty much the same.

We've clearly lost more than manufacturing jobs to China and other low-wage countries over the past decades: We, with an emphasis on our younger generations, have lost much of our aptitude for, interest in and abilities to do things with our hands and our minds—*competencies that are required and IN HIGH DEMAND at this moment in history.*

Regaining our competency

Some of our "core competency" in manufacturing has disappeared due to productivity-boosting technologies, the manufacturing-decline myth and ill-prepared high-school and/or college grads. That's no excuse: We must restore our core competency!

Nearly two generations of middle-school and high-school students have missed out on the value of "shop classes"—*those vocational-technical courses that college-bound kids are encouraged to avoid.* These days, everybody (it would seem) is told "Go to college. Get a degree. You'll be set for life." The sad fact is that many kids who enter college (about half) drop out of their chosen degree programs, with little to show for their experience other than high student-loan debts. On the other hand, about half of high-school students never enter college—*they're the forgotten half that has lost out on solid career skills along the way.*

Many manufacturing jobs require us to work with our hands AND our minds. Such jobs can be very satisfying, whether it's running machines or fixing them (where the real money is!). But the more "fixing" that needs to be done on our complex high-tech equipment, the more skills and knowledge it takes to land these jobs. That's where we're missing the boat!

"Fixing things" is becoming a lost skill. Whether it's woodworking, welding, auto or truck repair, electrical work, computer repair, machining or tending to precision machinery, the underlying

skills and associated knowledge are not being introduced, fostered and enhanced in our schools like they were in the 1970s and 1980s.

My worry

My worry should be your worry, too: We're not ready for the job growth that's sure to follow as manufacturing returns to our shores. In my career—*which spans 40 years teaching and consulting in over 400 plants and facilities across more than 50 different types of equipment-intensive industries* —I've seen the effects of our skills deficit. As I've said/written/roared time and time again, if we don't do something about this crippling deficit, and do it fast, the economy is going to get worse before it gets worse. I have several other things to say, to several groups.

- To our children and their children: "Learn a trade. Learn to do something with your hands and your minds."
- To parents, guardians and other interested adults across America: "Encourage your children and/or those in your care or sphere of influence to explore industrial careers while in school."
- To school boards, "Get off your 'college-bound' push. Half of our kids learn by doing'."
- To educators: "Emphasize the potential offered by careers in the industries I've mentioned."
- To politicians: "Stop the emphasis on standardized testing as a way to improve math and science scores. The U.S. scored 32nd among 65 nations (countries that mostly test only their best and brightest). You would be amazed by how well math and science skills can be taught through the hands-on building of bird houses/bookcases/cabinetry, the repairing of vehicles, the engineering of robots or the designing and building of just about anything else."

Take it to heart

As you see/hear news about China, keep this in mind: It has the fastest-growing (not the largest) economy in the world. It is the largest automobile market in the world (because of its robust economy and middle-class growth). China's domestic market is an economic boon for foreign manufacturers willing to set up shop there. For example, Ford Motor Company recently noted a major expansion of its Chinese plants to build 950,000+ vehicles annually.

But, just because companies may still be expanding their businesses in China doesn't mean jobs are being moved from the U.S. You have to read beyond the headlines! We have an opportunity—*or rather, "an obligation"*—to grow jobs in America as China sheds the manufacturing of some 10 to 30% of its U.S. export products. Let's take that obligation to heart: Saving American manufacturing will essentially save America.

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Resources used in this article

"Made in America Again, U.S. Manufacturing Nears the Tipping Point;" Boston Consulting Group; March 2012

"Ford Ups China Investment Another $600 Million;" Industry Week.com, *Leadership in Manufacturing; April 5, 2012*

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