

By: Steve Israel

Over the last decade, we've read hundreds of obituaries for American manufacturing. We're told the jobs are headed to cheaper labor markets overseas, and with low-cost shipping and production we just can't compete. We're told America has become a service economy and that manufacturing jobs are gone for good and not coming back.

But reports about the death of American manufacturing have been greatly exaggerated. Last year was the second in a row of increased jobs in manufacturing. According to the Labor Department's December jobs report, 225,000 manufacturing jobs were added for the year -- representing 14 percent of nonfarm payroll employment increases. A total of 23,000 were added in December alone. And in his State of the Union address Tuesday night, President Barack Obama laid out a plan to create a new era of American manufacturing, including lowering tax rates for companies that manufacture goods and create jobs in the United States and taking away deductions for outsourcing.

The Wall Street Journal recently reported on how the furniture business is moving production back to the United States as labor, materials and shipping costs rise on goods imported from overseas. Meanwhile, companies from Otis Elevator to Ford Motor have been moving jobs back to the United States in a movement called "reshoring" or "onshoring." For several reasons, manufacturing in the United States is starting to make good business sense again.

For one thing, while labor gets cheaper in places like Mexico, other costs rise. Obviously it costs more to transport finished products back to consumers in the United States from overseas. And shipping costs have increased along with energy prices. Moreover, overseas manufacturers are slower to respond to variations in demand, whereas domestic companies have the advantage of producing their goods closer to their U.S. customers.

Even with new technologies, quality control is much tougher thousands of miles away. Companies like D'Addario & Co., a guitar-strings maker in Farmingdale, are able to compete with cheaper alternatives by providing a superior product. That is much easier to accomplish when the company president can inspect the product any day at a moment's notice.

New technologies and other efficiencies also make keeping manufacturing here less of a trade-off than in the past. For instance, at D'Addario, one worker can wind three strings at a time using a technology that allows her to work faster than a worker at the competition's factory in China.

Finally, let's not forget that if it makes financial sense for an American company to keep and create jobs domestically, nearly all of them will jump at the opportunity. That's what the president's proposals are designed to do. Long Island is home to more than 3,000 manufacturing and assembly companies, and nearly every one of them would prefer to be improving our local economy than cutting a check to China.

Congress should take up the president's call to pass legislation to help manufacturers that want to move back to the United States. Offering tax credits to offset the cost of setting up facilities in America could help nudge companies off the fence and encourage them to invest now rather than several years down the road. We should also get tough with China when it persistently skews the playing field against manufacturers like D'Addario by turning a blind eye to counterfeiting.

More important than a single policy proposal, Washington should take the lesson that the decline of America is not inevitable. Nor is the end of manufacturing in America. Standing aghast while we lose jobs to China does no good. Instead we should reward businesses that invest here. We certainly have challenges, but we must not lose hope. We have work to do.