



The new Brookings report on manufacturing is available at:
http://www.brookings.edu/papers/2011/0208_states_manufacturing_wial.aspx

Contact: Rachel Harvey, 202.797.6073 or rharvey@brookings.edu
 John Fairbanks, 202.797.6087 or jfairbanks@brookings.edu

New Brookings Report: American Manufacturing Isn't Dead Yet

Brookings Research Shows Sector Still Vital and Recommends States Re-Tool Programs

WASHINGTON, D.C. —America's manufacturing sector must be reinvigorated in order to build a healthy economy, and the nation's states and metropolitan areas are strongly positioned to be the vanguard for this effort, according to a new paper from the Brookings Institution Metropolitan Policy Program.

The new report, *Accelerating Advanced Manufacturing with New Research Centers*, released today by the Metropolitan Policy Program, maintains American manufacturing is still vital to our economy and recommends that states reorient their policies to support existing manufacturing and create advanced manufacturing centers to provide both research and education.

Accelerating Advanced Manufacturing is the latest release in the Project on State and Metropolitan Innovation, which analyzes state policy challenges and offers effective strategies for policymakers to help states and metros recover from the recession and transform their economies.

“U.S. manufacturing has been in decline for years, but we should not treat continued decline as inevitable,” said Howard Wial, Fellow at the Metropolitan Policy Program and co-author of the report, “Manufacturing still produces the bulk of our exports. It is still key to innovation. It still provides high-wage jobs. Our task now is to play to our strengths and provide the tools and investments manufacturers need.”

To meet that challenge, Wial said, states must themselves retool and improve their policies and programs aimed at manufacturing. Wial noted, for example:

- States’ financial incentive programs currently emphasize attraction and retention of manufacturing firms over supporting existing manufacturers or encouraging new ones.
- States do not focus on helping small and mid-sized firms in the manufacturing chain adopt new technologies.
- State programs rarely combine engineering research with education for businesses on how to adopt new technologies.

States, Wial said, can take a lesson from foreign competitors, such as Germany, on how to support the manufacturing sector. His research found several examples of organizations—including those

in Connecticut, Florida, and Maine—that are on the cutting edge of helping manufacturers adopt new technologies and manufacturing processes to help them better compete.

“To develop a more sustainable economy, it is important that states become resourceful and develop manufacturing centers for research and education,” Wial said. “To strengthen their manufacturing bases, states must go beyond simply attracting large manufacturers from other states and even beyond assisting manufacturers with training and early-stage financing.”

Wial said that advanced manufacturing centers will help states support the development and diffusion of improved manufacturing technologies, ways of organizing work, and relationships between final goods producers and their suppliers. These manufacturing centers, based in metropolitan areas, will help manufacturers solve generic technical and management problems in one or more industries.

State-supported manufacturing centers are superior to states’ typical business attraction incentives as a way of strengthening a state’s manufacturing base, said Wial. Their job-creating and wage-boosting potential is longer-term but more solid because it builds on states’ existing technological, management, and workforce capacities in manufacturing instead of chasing footloose plants.

The Metropolitan Policy Program at Brookings provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas, including their component cities, suburbs, and rural areas. To learn more, please visit: www.brookings.edu/metro.

-END-