

A Flawed Tale of the U.S. Manufacturing Sector

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THE thesis of Rachel Slade's new book isn't exactly subtle — American manufacturing is in trouble. In *Making It in America: The Almost Impossible Quest to Manufacture in the U.S.A. (and How It Got That Way)*, Slade attempts to tell the story of the sector's alleged travails — and to a lesser extent, broader economic trends — through the prism of one couple's effort to establish a Maine-based apparel manufacturer. The reader follows along as they scrap and struggle to build their business, which Slade intersperses with commentary to place matters in greater context.

All but the most cold-hearted of readers will find themselves rooting for the budding industrialists — or at least sympathizing with them. After all, what's more American than plucky entrepreneurs trying to turn their dreams into reality?

That's the enjoyable part. As a device for telling a larger story about the state of American industry or economic life in 21st-century America, however, *Making It in America* suffers from numerous flaws that make it un compelling.

Serving as the book's protagonists are Ben and Whitney Waxman, founders of apparel firm American Roots. To get their company off the ground, the couple — as with many other new businesses — overcomes numerous hurdles ranging from lining up suppliers to securing investment and lines of credit. Plus a pandemic. Using gumption to compensate for their lack of textile-industry experience, the couple pieces together a company that eventually generates several million dollars in sales.

American Roots, however, isn't your typical money-making enterprise. Indeed, it almost seems to regard profit-making as a secondary undertaking. Rather, Ben and Whitney's chief goal is to make things in America — mostly hoodies — while paying a good wage and utilizing an all-American supply chain. They're not out to just sell clothes but to realize an alternative vision of how the country's economy could work.

Hence, Slade's decision to use the company to tell a more expansive tale about the U.S. economy.

Unfortunately, her efforts at context are lacking, often offering more of a tirade than a measured examination of either manufacturing in particular or economic policy writ large. The claims made are opaquely sourced, sometimes contradictory, and, on occasion, just plain wrong. There's also a propensity for shoehorning items into the book that are clearly of great interest to the author — and perhaps progressives more broadly — but of debatable relevance to the topic at hand.

Disdain for Donald Trump, for example, is a recurring theme (his shared antipathy toward free trade does not earn the former president much goodwill), and there are digressions into such matters as Trayvon Martin and the Tulsa Race Massacre. There's even a chapter devoted to the January 6 Capitol riot (partly blamed on “radicalized libertarians”).

Free-market economics, meanwhile, is dismissed as a “radical, reactionary hypothesis” whose jargon “made mediocre thinkers sound smart.” Such thinking, Slade adds, is “illogical, like a religion.”

Dispassionate analysis, this is not. Too often, it's not even accurate.

Claims that American manufacturing is “dwindling” and that producing goods in the United States is “almost impossible,” for example, are simply not true. We know this because Slade tells us.

On the book's fourth page, the author states that manufacturing at the end of 2022 contributed \$2.9 trillion to the U.S. economy. That's of sufficient size to make the U.S. manufacturing sector the world's seventh-largest economy. The United States accounts for a greater share of global manufacturing output than Germany, Japan, South Korea, and India combined.

It's not only possible to make things in the United States but highly desirable to do so. In 2022 alone U.S. manufacturing attracted over \$55 billion in foreign direct investment, more than any other sector of the economy.

But Slade downplays such facts and instead emphasizes the millions of manufacturing jobs that have been lost in recent decades. She's not wrong — manufacturing employment peaked in 1979 — but this is a questionable gauge of the sector's health. The point of manufacturing is not employment but production, and by that metric U.S. manufacturers are doing just fine. U.S. manufacturing output is only slightly off its 2007 all-time high, while the sector's value-added — arguably the most important measure of manufacturing's well-being — is at record levels.

American manufacturers have become more productive, generating more output with fewer people. That's a cause for celebration, not concern.

In fairness, it's not difficult to see why such perceptions of industrial decline may seem intuitively correct. Fewer than 10 percent of American workers are employed in manufacturing, less than half of what it was in the 1980s. And many of the everyday products we encounter, ranging from the consumer electronics we use to the shirts we wear (the one I have on right now was made in Mauritius) — were produced abroad.

Such anecdotal evidence from our daily lives no doubt feeds a sense of the country's manufacturing diminution (as well as the drumbeat from politicians emphasizing the alleged need to rebuild manufacturing and an "if it bleeds, it leads" media more interested in factory closings than dry economic data indicating a more positive manufacturing outlook).

But much of what Americans produce isn't found on store shelves or is stamped "Made in USA." The United States has the world's largest refining capacity, is the world's fourth-largest steelmaker, and is (by far) the world's biggest aerospace exporter. But how many people check to see where their gasoline was produced or which country assembled the airplane flying them to far-flung locations?

Oddly, Slade seems aware of U.S. manufacturing diversity, admitting in the book's epilogue that the United States "exports all kinds of things" ranging from machines to chemicals.

What U.S. firms don't produce very much of, however, are hoodies and other common clothing items.

While its thesis about the allegedly troubled state of U.S. manufacturing is mistaken, the book does contain a few insights. Policy-makers, for example, would do well to consider Slade's description of a zipper manufacturer — one of American Roots' suppliers — that had to shutter some of its more labor-intensive production lines following a minimum-wage increase. They should also note American Roots' struggle to hire workers amidst tepid interest in such employment — a problem the company largely solved through the use of immigrant labor.

The company's experience is not unusual. There are currently over 600,000 open positions in manufacturing, which is a big reason why the sector's trade association supports expanded immigration. For all the talk one hears about the need to promote manufacturing, often given less attention is the fact that many Americans have little desire for such work.

The book also usefully shows the trade-offs that come with producing apparel at U.S. wages (salaries at American Roots average \$47,000) with an all-American supply chain. Namely, the price. American Roots' hoodies retail for over \$100 while imported versions (admittedly, not of the same quality) can be easily found for under \$60. And some for less than \$30.

Clothing for the everyman this is not.

Slade, however, argues that there are larger considerations, contrasting foreign-made products that inject "almost nothing" into the local economy with the positive effects of consuming domestically produced goods. But this makes little sense. Dollars sent overseas later return to U.S. communities via exports and foreign investment. Additionally, savings from lower-priced imports are invested or spent elsewhere in the economy and the added competition from foreign goods helps spur innovation and productivity gains. All of this benefits the U.S. economy.

It's also worth noting that approximately half of all imports consist of inputs used by U.S. firms to produce final goods, including a \$75,000 Japanese-made embroidery machine used by American Roots to bolster its output.

But Slade views imports not as contributions that bolster the country's competitiveness and standard of living but as debits that sap its economic vitality. Surveying the vast quantities of imported goods being offloaded in the ports of Los Angeles and Long Beach, the author comments that they reflect "how extensively Americans had exported their economy." More accurately, the bounty is a tribute to American prosperity and significant increases in both median wages and median household income over the last 30 years.

The author's analytical errors are compounded by factual ones. On page 4, for example, Slade states that the 13 million workers employed in manufacturing earned an average salary of \$96,000. Government data place average hourly manufacturing wages at \$33.39 as of last month, or approximately \$69,000 per year assuming a 40-hour work week. Not bad, but a far cry from \$96,000.

Other odd claims also crop up. Six pages later, Slade writes that when she was growing up in the 1980s, U.S. exports dropped. For a few years, they did. But over the decade's entire span, U.S. exports doubled. In another chapter, she states that the Jones Act's passage in 1920 "spawned a shipbuilding spree from which American manufacturing would benefit immensely." In fact, shipbuilding went into a prolonged slump.

Some claims seem dubious — such as that Alexander Hamilton lobbied for a forerunner to the Jones Act — but checking their veracity is a frustrating exercise as neither footnotes nor endnotes are provided. (My own research into Hamilton turned up nothing to support the claim, while a query sent to the author on the matter elicited no response.)

Those looking to confirm their anti-capitalist biases will no doubt find *Making It in America* a gripping read. More neutral readers searching for a serious examination of the state of U.S. manufacturing are advised to look elsewhere.

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