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## Bloom Dumps Wall Street for 'Worker Capitalism' to Save Jobs

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By Jeff Green

Sept. 17 (Bloomberg) -- As a boy, Ron Bloom spent summers at Habonim camps, Jewish youth programs modeled on Israel's kibbutzes that stressed the value of manual labor and social justice. As a teen he boycotted green grapes in support of Cesar Chavez, the farmworkers' union leader.

He went on to Harvard Business School and Wall Street. Then he helped industrialist Wilbur Ross rescue U.S. Steel Corp. and President Barack Obama bail out General Motors Co.

Now all he wants to do is save U.S. manufacturing.

For much of his 55 years, Bloom seems to have been in training for his job as Obama's senior counselor for manufacturing. He's the guru behind the president's drive to get the U.S. to create more factory jobs, a position he began on Labor Day in September 2009.

He's been traversing the country ever since, trying to get executives to rethink a 50-year trend of sending work abroad. Good luck with that, skeptics say. Manufacturing has been on a steady decline and accounts for just 11 percent of U.S. gross domestic product, down from a peak of 28 percent in 1953.

Moreover, Republicans, many of whom say they oppose anything smacking of what they call "industrial policy," are poised to gain more power in Congress as polls show the public souring on the Administration's efforts to revive a long-staggering economy.

### Bankruptcy and Jobs

"I'm trying to find some common ground, and I'm trying to find it in a time of enormous uncertainty," Bloom said in an interview in his Treasury Department office, where he keeps a variety of Mr. Potato Head dolls and Spiderman paraphernalia. The collection reflects what he says is a mischievous personality as well as a reminder not to get too full of himself.

John Plant, chief executive officer of TRW Automotive Holdings Inc., which recently invested \$100 million on a factory making fuel-saving technology, is among the two dozen business leaders Bloom has met with.

Over dinner in Detroit, Bloom told Plant he wanted to see more such investments. Plant says he told Bloom that may not happen because U.S. business suffers from a "crisis of confidence" due to a lack of clear direction in tax, energy and other policies.

As an adviser to the United Steelworkers for 13 years, and before that as a manufacturing specialist at Lazard Ltd. and his own boutique investment firm, Bloom participated in more than 100 bankruptcies and restructurings, trying to balance the realities of business with the need for jobs.

### 'Worker Capitalism'

"While he's a tried-and-true union guy, he's realistic," said Ross, who first worked with Bloom during U.S. Steel's bankruptcy. "He knows you can't have good employment if you don't have good strong employers."

Even when he worked at Lazard, Bloom embraced "worker capitalism," said investment banker Steven Rattner, who recruited Bloom to be his deputy as Obama's auto-bailout czar. Bloom succeeded Rattner in that job in July 2009.

"Most people took their Harvard MBAs and went off to trade derivatives, and he took his and went off to try to save manufacturing and save workers," Rattner said. Bloom makes \$153,000 a year in his government job.

Bloom's classmates recognized the contradictions in the yearbook for his senior year at Swarthmore High School near Philadelphia, where he competed in cross-country running. They called him "loud" and "intelligent," as well as "Mrs. Nancy Gabel's pet."

"I adored Ron Bloom, that's totally true" said Nancy Gabel, 70, his former French teacher. "He was terrific because he was out of the mold. He was not the kind who was going to end up at Goldman Sachs."

### Made in America

Obama has set a goal of doubling U.S. exports in five years and says a healthy manufacturing industry is critical to achieving that.

"He's going to help us craft the policies that will create the next generation of great manufacturing jobs," Obama said of Bloom when he announced his appointment at an AFL-CIO picnic in Cincinnati.

Bloom's push for American-made goods is showing up in his boss's speeches. Before July 15, Obama mentioned "made in America" two times. Since then, the president has used the phrase at least 22 times in stops from Pittsburgh to Seattle, according to transcripts.

Bloom will need all his negotiating skills to overcome what is likely to be deep opposition to the manufacturing initiative, says Dan Griswold, director of the Center for Trade Policy Studies at the Cato Institute, a Washington group that espouses free trade and limited government involvement in business.

### Economics or Politics

"This 'Made in America' message is less an economic strategy and more a political strategy to shore up the base heading into the November elections," said Griswold, who characterizes the move as protectionism doomed to backfire.

"If we import less, there are fewer people who can buy our exports," Griswold said. "You can't double exports by closing markets."

Bloom says his focus after the November elections will be on improving tax policy and energy policy to favor U.S. manufacturing jobs and getting more support for Obama's initiatives on infrastructure improvement.

"Irrespective of what happens in November, this is an issue that should be able to play to the broad middle," he said. "The challenge is to find a way of expressing these passions to the broad middle."

Even some Bloom fans wonder whether he can pull it off.

"My concern is that Washington being Washington, they won't listen to him," said Michael Psaros, co-founder of New York-based KPS Capital Partners with Bloom's former partner Gene Keilin and an advocate of increasing manufacturing jobs.

'Hallelujah Chorus'

"There's a hallelujah chorus of mental feebles in very powerful positions in Wall Street, in academia and in business that believe China is going to manufacture everything," Psaros said.

Bloom, who wore out a 1997 Ford Taurus (and replaced it with a 2003 Ford Mustang) making the 258-mile commute home to suburban Pittsburgh each weekend to spend time with his family, says he's not trying to return to the good old days when manufacturing was king.

"I'm happy that Americans have more time to go to the movies than they did 50 years ago," he said. "Some of the decline in manufacturing is a good thing. But all of it is not a good thing, and some of it is a very bad thing."

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