

# Why Does Manufacturing Matter?

It's the economy, dear reader: for every dollar spent in manufacturing in the U.S., another \$1.37 is added to the economy, the highest such multiplier effect of any of the measured economic sectors.

**H**arsh reality time: manufacturing has an image problem. In recent years, public perception of the industry has been dominated by negatives. Layoffs, abandoned Rust Belt factories, and foreign sweatshops are just a few of the components contributing to the impression of manufacturing as an antiquated industry. The truth, as it turns out, is much rosier. Now, as the industry undergoes a major shakeup, with the rise of technologies like 3D printing, robotics and nanotechnology, it seems an ideal time to take stock of the manufacturing industry in light of the facts. "There's a misperception out there that manufacturing is in decline," says Chad Moutray, chief economist for the National Association of Manufacturers, "when, in reality, it continues to grow."

This is undoubtedly old news to many readers of a manufacturing magazine, but it bears repeating. Manufacturing is vital to the economy. A 2013 report from the Bureau of Economic Analysis (BEA) found that for every dollar spent in manufacturing in the United States another \$1.37 is added to the US economy, the highest such multiplier effect of any of the measured economic sectors. Moutray credits this robust spillover to the large number of suppliers—small and middle-sized companies—that supply increasingly sophisticated component parts to larger manufacturing firms. Additionally, according to the Bureau of Labor Statistics, manufacturing supports roughly 17.6 million jobs in the US—about one in six private-sector jobs—with more than 12 million Americans—9 percent of the workforce—directly employed in manufacturing.

Equally important, the jobs pay well. According to Moutray, the average worker in manufacturing earns roughly \$25.00 an hour, not including benefits. That would be in keeping with the BEA's finding that, in 2013, the average annual income for a manufacturing worker, including pay



and benefits, was \$77,506. Comparatively, the average worker in all industries earned just \$62,546.

Stepping down from the national level, manufacturing is a major part of the New York economy, particularly in the Hudson Valley. Manufacturing contributes 10.7 percent to the Hudson Valley's GDP, according to data collected by the Marist College Bureau of Economic Research. In 2010, manufacturing accounted for almost 50,000 Hudson Valley jobs, paying an average salary of \$81,440. In 2012, 11 percent of private sector wages in the region came from manufacturing, although that percentage is down from its past peak. Dr. Christy Caridi, a professor of economics at Marist College and Director of the Marist Bureau of Economic Research, acknowledges that the local manufacturing industry "is much smaller now than it was 10 or 20 years ago," but she maintains that it is still a key component of the region's economy.

Caridi finds that the national trend of better than average wages applies locally as well. "For manufacturing," she says, "wages are higher than the average in every county except Westchester." Additionally, manufacturing is particularly important to the local economy because most of what the industry produces is exported. Manufacturing accounted for 81.7 percent of the state's exports in 2013. For every dollar increase in manufacturing activity there is a corresponding \$1.63 increase in economic activity. Exports, Caridi explains, "bring new income into the region" which, in turn, cycles through local businesses, impacting everything from laundromats to construction firms.

"Manufacturing remains a critical component in the Hudson Valley economic engine," says Larry Gottlieb, president of the Hudson Valley Economic Development Corporation (HVEDC), which assists businesses looking to relocate to the region. "The rapid modernization of the entire design and production process currently underway is



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*Manufacturing is essential for a healthy economy and is a driving force for innovation. Manufacturing matters on many levels, from the impact of the products that are produced on our everyday lives to the good jobs that are created. Today, by improving quality, reducing costs and investing in new product development, the increasing number of high tech and advanced manufacturing companies in the region are having a significant positive impact on our community.* —Mike Hein, Ulster County Executive

having a profound and positive impact on a host of other industries equally important to the health of the regional economy.” The primary modernization he is referring to is the emerging 3D printing technology, which scientists and pundits have already heralded as the impetus for another Industrial Revolution. “It could revolutionize the way we manufacture,” Moutray says. While acknowledging that it is hard to speculate about specifics, Moutray points to the technology’s potential to increase productivity and drive down costs.

Even if it is impossible to predict just how great an impact 3D printing will have, HVEDC is betting hard on the technology, trying to turn the area into a hotbed of manufacturing innovation. The group recently launched HV3D at SUNY New Paltz, which Gottlieb describes as a “cluster development initiative specifically designed to speed up the implementation of 3D printing throughout the region.” The goal of the initiative is to create “an epicenter of knowledge” for the emerging technology, so that there will be a trained workforce to operate the equipment as it becomes more widely used. As Gottlieb puts it, “we are working hand-in-hand with area manufacturers to help provide them with a skilled workforce.”

That promised “skilled workforce” might just be the most practical benefit to come out of the project in the immediate future. As manufacturers know, finding and hiring skilled workers can be difficult, and new technology that necessitates new training won’t make the problem go away.

Moutray ranks finding talent as one of the biggest challenges the industry faces, alongside the more familiar business nemeses of high taxes and overreaching government regulations. He notes that several organizations focused on workforce development, such as the Manufacturing Institute, have already launched efforts to reach out to students in college and high school regarding the benefits of a career in manufacturing. Locally, the Council of Industry is leading similar efforts. Gottlieb, meanwhile, hopes that HV3D will become a model for other academic and economic development organizations to follow.

There are reasons to be optimistic: Moutray points out that the industry has a remarkable resilience, citing manufacturing’s readiness to “push the envelope” as a means of keeping the industry robust. Certainly, with HVEDC’s commitment to technology that is a crucial part of the industry’s future, it is clear that a healthy manufacturing sector will be an essential component of a vibrant Hudson Valley economy for years to come.



*“If we want our economy to grow and create more jobs, we need to give companies the tools to turn their innovative ideas into successful business opportunities and expand their manufacturing operations here at home, rather than being forced to outsource that work in order to stay competitive. I am proud to be your voice in Washington, working with The Council of Industry to advocate for providing critical resources and opportunities for local entrepreneurs and small businesses to bring their innovations to market, and ensure that new technologies originate here in America, creating more jobs and growing our economy.”*

Senator Kirsten Gillibrand,  
U.S. Senator.

HV Mfg. asked some of our regions elected representatives to weigh in on the question...

## Does manufacturing matter?



*“A robust Hudson Valley manufacturing sector means good-paying jobs for hardworking New Yorkers seeking to own a home, send their kids to college, and enjoy a secure retirement. Congress must act to foster an environment in which manufacturers can maintain jobs domestically, while competing globally. As Ranking Member on the House Appropriations Committee, I will continue fighting to protect federal investments that provide manufacturing companies with the resources and know-how necessary for continued growth.”*

Congresswoman Nita Lowey  
(NY-17)



*“It is pivotal for New York to support the manufacturing sector of our economy. New York continues to rank at or near the bottom of nearly every category when it comes to job creation and growing our economy. Focusing on and investing in our manufacturing sector and the good-paying jobs it creates in our state would be a wise step in the right direction to reverse these unacceptable statistics.”*

Terrence Murphy  
New York State Senator (40)



*“Manufacturing is absolutely vital. It was essential to building this country and the American middle class, and it still is today. The Made in America seal is a guarantee of quality recognized and respected the world over. As we face an increasingly competitive global marketplace, it’s more important than ever to fight for the industry, and support investments in new technologies that will ensure American manufacturing remains the best in the world.”*

Congressman Sean-Patrick Maloney (NY-18)



*“Manufacturing is at the heart of a strong economy. Historically Orange County has been the home of major manufacturing innovations and technology. We continue to promote development of manufacturing enterprises in our overall economic development efforts.”*

Steven M. Neuhaus  
Orange County Executive



*“The health and vitality of our communities depend on the ability of innovators and craftspeople to put their skills and ideas to work. Our manufacturers produce the machines and materials that not only support our economy but improve our quality of life. We can and must do more to remove barriers to growing our industrial base, especially in New York. I deeply appreciate the guidance and advocacy of Harold King and his team at the Council of Industry, and I am honored to support their efforts as a Member of Congress.”*

Congressman Chris Gibson  
(NY-19).



*“Manufacturing continues to be a powerful economic force in Dutchess County and the Hudson Valley region. Our diverse, innovative manufacturing sector sells products all over the nation and the world. That revenue comes back home and provides challenging, good paying jobs for our residents.”*

Marcus Molinaro,  
Dutchess County Executive