

New York State's fiscal situation is dire. State government spending commitments continue to grow ever upward while the private sector engine that pays for it continues to sputter and stall. To ease New York's fiscal woes we need to enact policies that will fuel the private economy – allowing it to accelerate and in the process create jobs for New Yorkers and revenue for the state.

In my opinion, the best way to start is by freeing the state's manufacturing sector of many of the excessive regulatory and tax burdens that stifle its growth. I say this because of the simple fact that manufacturing adds tremendous value to the economy and actually creates wealth as opposed to simply redistributing it. By taking raw materials and with energy, smarts, sweat and ingenuity, converting them to finished goods that are sold throughout the nation and the world, manufacturers bring capital and investment into a community. That capital and investment spreads like wildfire through the economy in the form of salary and wages, bank deposits, insurance premiums, construction projects and more. Economists call this a "multiplier effect" and the multiplier for manufacturing is the highest of any sector of the economy.

Here are some facts about manufacturing in the United States:

- The United States is the world's largest manufacturing economy, producing 21 percent of global manufactured products. China recently surpassed Japan as the second largest with 14%.
- U.S. manufacturing produces \$1.6 trillion of value each year, or 11 percent of U.S. GDP.
- Manufacturing supports an estimated 18.6 million jobs in the U.S.—about one in six private sector jobs. Nearly 12 million Americans (or 10 percent of the workforce) are employed directly in manufacturing.
- In 2009, the average U.S. manufacturing worker earned \$70,666 annually, including pay and benefits. The average non-manufacturing worker earned \$57,993 annually.
- U.S. manufacturers are the most productive workers in the world—twice as productive as workers in the next 10 leading manufacturing economies.
- U.S. manufacturers perform half of all R&D in the nation, driving more innovation than any other sector.

New York's manufacturing sector has seen ups and downs over the past century. In 1910 manufacturing employment in New York was at approximately 1 million. By 1960 the number of jobs reached nearly 2 million. Now in 2010 there are less than 500,000. However, employment is not the only measure of the manufacturing sector's success. In fact, because of the tremendous technological advancements over the past several decades and productivity gains that far outpace any other sector of the economy, manufacturing remains a powerful force in upstate New York providing over 20% of the private sector jobs and we rank 7th of the 50 states in manufacturing output producing more than \$69 billion in goods annually. While decades ago, we were at the top, it is important to note that, by this measure, New York has kept pace with the nation as a

whole over the most recent five years for which the Bureau of Economic Statistics has reported and gives us reason to remain optimistic about manufacturing's potential.

Of course, by writing this column in HV Biz I am "preaching to the converted" as readers of these pages know all too well both the potential manufacturing has to revitalize our State's economic and fiscal fortunes as well as the obstacles it faces. We need to spread the word to our elected officials at all levels of government as well as to our employs and the public at large that Manufacturing is Vital. It is vital for a prosperous economy, it is vital for a fiscally sound government and it is vital to the quality of life of all New Yorkers.

I hope you will join with me, and the 135 members of the Council of Industry and the more than 7000 Hudson Valley residents they employ in voicing your support for manufacturing. Visit www.councilofindustry.org/vital to see how you can help.

Together we can steer the public policy discussion to focus on manufacturing, its vital role in our economy and by strengthening it, the role manufacturing can play in putting New York State back on road to fiscal surety. I hope we can count on your help.