

Buy American Mention of the Week

Re-thinking re-shoring

By Roger Simmermaker

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Everyone has heard of outsourcing and offshoring, but not everyone realizes the negative economic consequences to the nation that results from the closing of domestic manufacturing plants and the shipping of those jobs overseas. Replacing American workers with foreign workers adds to our U.S. trade deficit, increases the unemployment rate, deprives our national treasury of tax revenue (workers in foreign countries don't pay taxes to America), and puts the formerly employed Americans in unemployment lines which works to further drain our national treasury.

Perhaps still fewer Americans realize that there are ways to combat the offshoring of our jobs to other countries, either by supporting patriotic organizations that have a proven track record of fighting the offshoring trend, by simply becoming more educated about American choices as consumers, or both.

By visiting www.reshorennow.org, you can learn about and lend your support to an organization that has helped keep jobs in America by showing companies contemplating offshoring American jobs the total cost of doing so and how it might not make monetary sense. How does www.reshorennow.org sway these companies to stay in the United States?

Most companies make sourcing decisions based on solely on price, resulting in a 20 to 30 percent miscalculation of actual offshoring costs. That 20 to 30 percent is enough, when realized, to keep companies from making sourcing decisions that will ultimately be detrimental to their own bottom lines.

The folks at reshorennow.org demonstrate other factors to companies considering offshoring that they may have overlooked, like overhead, corporate strategy, inventory carrying costs, traveling costs to check on suppliers, intellectual property risks and opportunity costs from product pipelines being too long, and other external and internal business costs. They also demonstrate how offshoring often contributes to company or corporate waste and instability.

Harry Moser, founder of Reshoring Initiative (www.reshorennow.org), estimates that 50,000 manufacturing jobs have been reshored to the United States since 2010. Furthermore, a 2012 Boston Consulting Group report estimated that a manufacturing revival in the U.S. could usher in 5 million more jobs by 2020.

We can also help bring back manufacturing by being informed consumers. Just because a product is made in USA does not mean that we're not sending American dollars to countries like China anyway.

A few years back, Frisbee maker Wham-O announced a goal to bring back 50 percent of the company's Frisbee manufacturing to the United States from China. But here's the catch. In 2006, Wham-O was acquired by a Chinese company. It wasn't until 2009 that an American investment firm in California purchased the maker of iconic American brands like the

Frisbee, Slip "N" Slide, and Hula Hoop. So any American-made Frisbees purchased between 2006 and 2009 resulted in you unknowingly patronizing a Chinese company whose profits would be sent to reward Chinese owners and Chinese investors. The taxes on those profits would be paid to the Chinese government, even though you were buying an American-made product!

Haier Group is a Chinese-owned company that is best known for HDTVs and full-sized refrigerators. You may have seen some of these products in various big-box retail stores. Some Haier refrigerators are made in their Camden, South Carolina facility, which was built just over a decade ago. But as you might have guessed, when you purchase one of the company's American-made refrigerators, the company profits are sent back to China.

We would do far better for the U.S. economy by buying American-made Whirlpool appliances instead of Chinese-owned Haier appliances. Whirlpool, which employs more American workers in the appliance industry than any other manufacturer, is the American company that prevented Maytag from falling into Chinese hands back in 2005. When Haier made a bid for Maytag, Whirlpool stepped in and snapped it up instead, keeping a valuable American company in American hands!

Since that time, Whirlpool has invested hundreds of millions of dollars in America on existing and upstart plants, factories, and distribution centers.

So by supporting the right organizations and making intelligent consumer choices, we can help stem the tide of offshoring and keep our fellow Americans working on assembly lines and keeping them out of unemployment lines.

Roger Simmermaker is the author of *How Americans Can Buy American* and *My Company 'Tis of Thee: 50 Patriotic American Companies American Consumers Should Know About*, and writes "Buy American Mention of the Week" articles for wnd.com and his website www.howtobuyamerican.com. Roger has a degree in Electronics Engineering Technology, is president of his local Machinists Union, has been a frequent guest on Fox News, CNN, and MSNBC, and has been quoted in *The Wall Street Journal*, *USA Today*, *New York Times*, and *Business Week* among many other publications.