

Can We “Buy America” Again?

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What will it take
for the U.S. to
buy its own
manufactured
products?

Right now original equipment manufacturing (OEM), which represents the largest part of the United States’ industrialized output, is in jeopardy. The OEM sector in the U.S. has been depleted by foreign imports. Items produced by OEMs include household appliances, electrical communications devices, automobiles, trucks, buses, SUVs, containers, furniture, and a myriad of many other general hard goods. In other words, anything that is manufactured and that can be purchased for use in or around a home is at risk.

OEMs represent approximately 26 percent of the U.S. and 28 percent of the European gross domestic product (GDP).

Since most all of these items are decorated and protected with some type of finishing system, paint or coating, they too are vulnerable by definition.

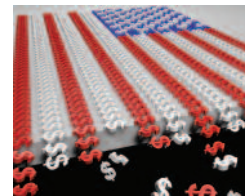
When one considers the other GDP contributors, excluding the service industry, the housing sector is one of the largest. Housing construction is reliant upon OEM goods such as siding, dry wall, electrical devices, plumbing components and insulation material among others, which are increasingly imported from foreign sources. However, for the most part the paints and coatings that are used on our houses are domestically supplied, as are paints and coatings for other segments such as traffic stripping, auto refinishing, marine, aerosol, industrial maintenance and new construction. The latter items are far less at risk.

Domestic goods that are at risk to foreign imports can be directly controlled through three methods:

- Government trade barriers—tariffs;
- Individual buyers—you and me; and
- Value—perceived versus competitive to imports.

The control individual buyers exert and the control of perceived value overlap, however, the segmenting aspect here is based on emo-

tion. For example, during our World Wars One and Two, an appeal was made to common people to support the United State’s war effort. One sacrifice was to not buy anything made outside the U.S. That attitude remained with many U.S. citizens long after the wars ended. Even Sam Walton founded Wal-Mart with the slogan, “Buy America.” Guess what? Today, more than 70 percent of Wal-Mart’s merchandise is made in every other place in the world except America.



The point is that individual buyers with no patriotic peer pressure will continue to buy goods based on their perceived value, which will drive most of us to purchase foreign imports through our own big box retail houses. The awfully sad irony is that individuals who get laid off because manufacturing jobs continue to be outsourced overseas, retreat to those very same “discount” houses that have indirectly taken jobs in the first place, to save money.

As suppliers and formulators of paints, coatings and allied products, and as Americans, our choices appear to be:

- Join the crowd and moving our sourcing to China;
- Lobby Congress to apply tariffs similar to those in Europe on certain imports;
- Pressure Congress to threaten China, and other nations, that trade barriers will be erected if the yuan is not allowed to fully float;
- Lobby Congress to create a movement among U.S. citizens to “Buy America”; and lastly,
- Educate and convince both our nation’s management and labor to be transparent enough to feel each others pain to the point of mutual sacrificing to bring about a higher perceived value to the people.

After all, nothing worthwhile is ever accomplished without hard work and sacrifice. I know I believe we can turn this ship around and I feel you have the same feelings as well. Let me know your thoughts. **CW**