

# The Washington Post

## Save the economy by keeping jobs at home

By Harold Meyerson

Wednesday, December 15, 2010;

President Obama is meeting with the chief executives of leading U.S. corporations Wednesday, plainly seeking a rapprochement with American big business. What's by no means apparent, however, is whether our leading CEOs have any intention of reaching a rapprochement with the American people.

Consider the curious case of the Chinese tires . On Monday, the World Trade Organization upheld a complaint the United States brought against China, upholding the Obama administration's decision to impose tariffs on an import surge of Chinese tires into U.S. markets in clear violation of WTO rules.

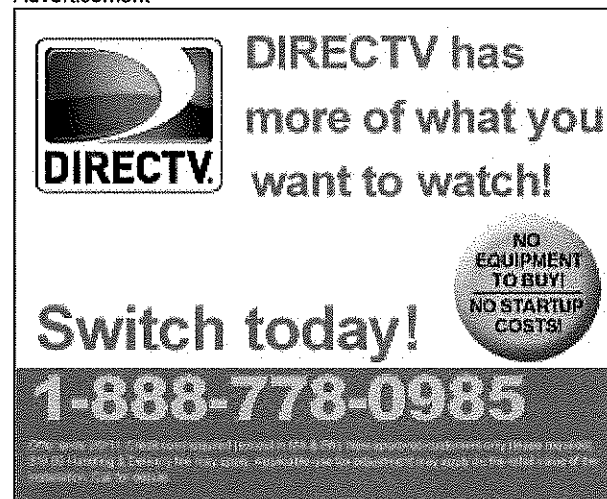
A clear victory for Team USA, right? Not according to U.S. tire manufacturers. Their trade group, the Rubber Manufacturers Association, had no part in petitioning the administration to seek a WTO ruling: The complaint originated with the United Steelworkers, whose members include rubber workers. The companies oppose the tariffs. And not coincidentally, all the major companies - Goodyear, Cooper and the rest - have factories in China, some of which are required by the Chinese government to export every single tire they produce.

When Obama sits down with the CEOs, he doubtless will extol a series of recent policy

moves - the tax deal, the free-trade agreement with South Korea - that business largely welcomes. He then will urge his guests to create some jobs here in the United States. American corporations, according to the Federal Reserve, are sitting on roughly \$1.9 trillion in cash at a time when private-sector hiring is stuck at microscopic levels (50,000 net jobs created last month). Small business, dependent as it is on depressed domestic consumption, lacks the funds or incentives to resume hiring. Big businesses, by contrast, are rolling in dough and registering record profits. One reason for their success is they're selling abroad - the most recent survey of the Standard & Poor's index of our largest 500 publicly traded corporations shows that roughly 47 percent of their revenue comes from outside the country.

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markets growing at a ferocious pace, corporations are far less dependent on the still-anemic American consumer than are small businesses.

The explosive growth of new markets has been a boon to advanced economies that still make products for export - Germany's in particular. But here, our chief export has been the jobs and factories that once turned out products for export. Defenders of corporate offshoring assert that we can't compete with low-cost labor in China and other developing countries. Clearly, though, Germany has shown that you can retain a manufacturing sector by producing products of high added value even when labor costs are correspondingly high. Hourly manufacturing compensation (wages plus benefits) was \$48 in Germany in 2008 - the most recent year surveyed by the Bureau of Labor Statistics - while it was \$32 in the United States. Yet Germany is an export giant, while we are the colossus of imports.

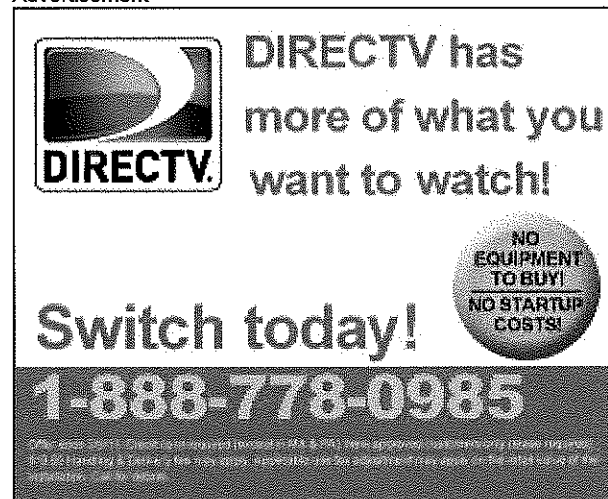
Domestic production, however, is just not in the business plans of many of America's leading corporations. Apple employs roughly 25,000 people in this country, while Foxconn - the Chinese manufacturer recently beset by a wave of worker suicides - employs 10 times that many making iPods, iPhones and other Apple products. Dell, the computer company, has a similar 10-to-1 ratio.

Asking American corporations to invest in America may be asking the leopard to change his spots. What, then, should Obama do?

One thing he shouldn't do is hire a successor to Larry Summers who comes from Wall Street. I'm with those who think that Obama could use a CEO on his economic team, but he or she should be a manufacturing CEO with a track record of creating American jobs and a plan for rebuilding American industry. Someone like Intel's legendary former leader Andy Grove.

A refugee from Hungarian communism, Grove came to the United States as a young man and rose to the top of the Silicon Valley heap, heading one of the few high-tech companies committed to domestic production. In a Business Week article this year, Grove lamented the fact that, in the past decade, America's most innovative companies

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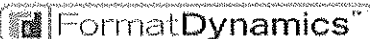
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routinely scale up their production abroad rather than in the United States. He called for a tariff on offshored products, with the proceeds to go to a fund enabling such companies to manufacture their products domestically.

Americans are fearful, rightly, about the decline of their country's economic leadership, and they see the offshoring of manufacturing as a primary cause of that decline. Obama needs to do more than just ask our CEOs to invest here. He needs to implement suggestions like Grove's if we're to rebuild American prosperity.

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