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Need a Towel Ring? Better Try China It's getting harder to find U.S.-made products in many categories

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The Federal Register, the journal of record for the U.S. government, is not known as an exciting read. A notice in the Mar. 21 issue, though, has caused a stir. It briefly described how the U.S. Air Force, hoping to use stimulus funds to build homes at Eielson Air Force Base in Alaska, said it couldn't meet the "Buy American" requirement for the products it needed, including screws, ceiling fans, light fixtures, towel rings, shower rods, and handrail brackets. "Extensive market research and thorough investigation of the domestic manufacturing landscape" showed these items were made almost exclusively in China, according to the notice. The Air Force got a waiver on buying American for 37 items.

The episode does not definitively prove that certain products are no longer made in the U.S. It's also worth noting that America's manufacturing base remains the world's largest and that it is helping to power the current recovery. Yet the Air Force's frustrating search, which was highlighted in the blog of economist Michael Mandel, reinforces the fear that American manufacturing risks irrevocable decline. A paper published last year by Joel Yudken, a founder of consultants [High Road Strategies](#), notes that over 57,000 factories disappeared from 1999 to 2009. The study, commissioned by the AFL-CIO Industrial Union Council, said that imports command an increasing share of the market.

The Pentagon may have accelerated this trend. Flat-panel displays, machine tools, advanced electronics, and information technology goods once bought by the Defense Dept. from American companies are also now obtained from non-U.S. suppliers. Yudken says that buying from abroad picked up speed during the Bush Administration's first term, when the Pentagon pushed for foreign sourcing of products and components in a bid to cut expenses and promote competition from contractors. That came at a bigger cost, he says, as it increased the military's reliance on overseas suppliers. Now it is hard to get many critical advanced technology products in the U.S.

Armor plate steel, defense-specific integrated circuits, and night vision goggles are among the items the Defense Dept. has said it must obtain in part from overseas suppliers, according to Yudken's report. Between 2001 and 2008, a study by Michael Webber of the University of Texas at Austin shows, 13 of 16 manufacturing sectors that underpin America's military power suffered erosion as measured by a decrease in employment, output, and the number of factories. These industries, which include foundries, forging and stamping and machine shops, have wide applications in civilian industry too.

The resulting dependence on foreign suppliers makes the nation vulnerable to supply shocks, a notable reminder being the current shortage of automobile parts following Japan's earthquake. It also means the U.S. may be opening itself up to the danger that an overseas manufacturer could place a "Trojan horse" component with a virus or hard-to-detect flaw into critical equipment.

A longer-term problem is that when production migrates abroad, research and development often follows, which if unchecked may chip away at U.S. technological strength. While the U.S. remains No. 1 in most advanced materials technologies, the National Research Council, which analyzes public policy, reports that the movement of manufacturing offshore is weakening American R&D capability in areas such as rare earth elements and specialty metals. The U.S. already has lost its lead in printed-circuit boards, which go into almost all electronics and are critical to the military. America's share of global circuit-board production dropped to less than 8 percent in 2008, from 30 percent a decade before and 42 percent in 1984, according to Yudken's "Manufacturing Insecurity" report.

Some decline in America's low-end manufacturing is to be expected as products head for obsolescence, such as carbon paper and inked ribbon for typewriters. Yet other products that still enjoy plenty of demand in the U.S. seem to be losing their stateside manufacturing base. The worst case could be "we're on the verge of not making anything," says Alan Tonelson, research fellow at the U.S. Business and Industry Council. Tonelson has studied how far imports have penetrated certain industries that once flourished in the U.S. In 2007, imports already accounted for more than 95 percent of the sales in such categories as silverware, men's non-work pants, men's outerwear, and women's non-athletic footwear.

Many U.S. industries keep consolidating as a result. Robert Hill, 65, just sold Hill Fastener, an Illinois maker of nuts and bolts used in lawnmowers and heavy trucks, to MacLean-Fogg, a larger Illinois industrial company. He said he was optimistic when he bought the family business in 1990. Since then, he says, "standard, easy-to-manufacture fasteners went to the Pacific Rim" or "wherever the low-cost producer seems to be." Manufacturers like his company, he says, are "slipping away."

The bottom line: *The armed forces may be accelerating the decline in many U.S. industries as they search offshore for lower-cost alternatives.*

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