Prior to 2020, the average American may have been under the impression that American manufacturing was dead. Despite the doom and gloom narrative perpetuated by politicians and media talking heads, the American manufacturing industry was firing on all cylinders and regained the output losses incurred by the great recession of 2008. Then, in March of 2020, the COVID-19 pandemic arrived on the shores of the United States and sent reverberations throughout every part of our society.

The pandemic had severe consequences on almost all aspects of American life including, but not limited to, large segments of American manufacturing. Initially during the pandemic, the American manufacturing industry encountered government mandated shutdowns, supply chain disruptions, and a further increase in an already persisting skilled labor shortage. However, as the pandemic progressed, American manufacturing companies countered disrupting externalities facing the industry and demonstrated their remarkable resilience by improving their total industrial capacity to 71.5% in September 2020 (up from 64.1% in April of 2020). Almost two years since the onset of the pandemic, American manufacturing has surpassed pre-pandemic output levels fueled by back orders and the rise in consumer and commercial demand.

As America enters into a new normal from both an economic and operational perspective, American manufacturing must commit to embracing sustainable changes. Some of these changes include:

- Continuing to invest in an autonomous workforce where possible. This investment will help solve some of the labor issues plaguing the manufacturing industry. Some economists predict that the industry may suffer a shortfall of 2.1 million skilled laborers by 2030. This investment comes with its own labor and legal compliance issues but, such legal costs are minimal in terms of the long-term savings and production this investment provides.
- Continuing to invest in digital efficiencies where possible. This investment will help solve some of the efficiency issues plaguing the manufacturing industry. Investing in digital operations could bring about both short-term and long-term cost savings that will allow American products to be more competitive.
- Develop “disaster recovery” plans. These plans will allow manufacturing companies to efficiently adapt to supply chain disruptions, rising costs in raw materials, and combat transportation logistics issues.
- Embrace emerging growth sectors. Manufacturers may want to diversify their core offerings and prepare to engage and compete in new growth industries such as renewable/clean energy, technological components, and autonomous vehicles. Embracing these sectors will allow American manufactures to transition into new lines of business as older lines of business cease to exist.
Any such transition comes with its own applicable legal compliance issues. However, such issues should not be prohibitive to engaging these new sectors.

In turn, as American manufacturers reinvent themselves, the public sector needs to make a commitment to American manufacturers. Currently, the recently passed infrastructure bill together with the proposed Build Back Better plan (or some future form of it) is predicted to create up to a half a million new manufacturing jobs as a result of the U.S. government’s renewed investment in our country’s infrastructure. These bills also allow for the retraining of workers for manufacturing jobs of the future. In addition to the recently passed and proposed legislation, the U.S. government could help facilitate the transition and growth of American manufacturing in the following ways:

- **Invest in skilled workers.** The aforementioned legislation facilitates retraining workers and creating more jobs in this sector. However, the manufacturing industry needs to recruit new generations of skilled workers into this market segment. The government can assist by offering high school students more opportunities in vocational training at a secondary level and by subsidizing associates degrees to attract more young adults to manufacturing. Generally, we as a society need to change perceptions that manufacturing jobs are not good jobs. To the contrary, many skilled labor jobs pay very well and offer many a path to prosperity without having to take on an outrageous amount of school debt to attend college. The negative stigma attached to such jobs needs to be removed and a focus should be placed on celebrating American manufacturing and pride in US-made goods and services.

- **Provide tax incentives to companies to produce American goods in America.** The U.S. government must engage in real tax reform that incentivizes companies to stay at home. Keeping manufacturing operations in the United States allows for job growth in the manufacturing sector and more importantly it limits certain supply chain disruptions when products are made at home. The supply chain disruptions faced by our country became very evident during the early months of the pandemic and continue to persist now nearly two years into the pandemic.

- **Provide American loans to small and medium sized manufacturing operations.** If our country is to renew its commitment to American manufacturing, then it would help if the U.S. government could offer more SBA type loans, similar to the loans seen under the pandemic relief bills, that allow for companies to borrow money at a very low interest rate over a long horizon. These loans will help companies retool their factories and prepare for long-term change and growth without creating a substantial cash crunch on such company’s balance sheet.

American manufacturing is unlikely to reach the heights that it once achieved in the early 1900s and most certainly some older manufacturing industries will not be revived. However, America’s renewed commitment to manufacturing along with industry reforms
can allow for a competitive environment for American goods and services, an increase in stable, good paying jobs, and security for America’s supply chain.