

## ***Enhancing Government's Focus on Manufacturing Competitiveness***

One of the major concerns registered by manufacturers was the long-standing lack of focus and accountability within government on manufacturing and its competitiveness. The following recommendations are intended to sharpen that focus and to ensure accountability for implementing the recommendations that make up the Manufacturing Initiative.

Beyond providing greater focus and accountability, the recommendations are also designed to enhance coordination within the federal government and with state and local authorities to improve the domestic economic environment for manufacturing. These steps would establish a mechanism for ongoing dialogue with the manufacturing sector on the implementation of the President's Manufacturing Initiative.

These activities would further the work begun by this report. One of the first steps that the newly established assistant secretary should take is to conduct a study of the cost competitiveness of U.S. manufacturing relative to its principal competitors. This should include an assessment of the business environment in terms of supporting innovation, not just in terms of products and services, but in manufacturing process and business organization. This work will help determine whether there are additional steps the government could take to reduce costs and to enhance competitiveness.

### **Create an Assistant Secretary of Commerce for Manufacturing and Services**

As President Bush called for in his Labor Day address, the federal government should establish an assistant secretary-level position at the Department of Commerce to serve as the principal point of contact with the U.S. manufacturing sector. The

assistant secretary would be responsible for implementing the recommendations contained in this report and for supporting the Secretary of Commerce in his role as the federal government's chief advocate for the manufacturing sector.

Specific responsibilities of the assistant secretary would include:

### ***Lead a Benchmark Analysis to Measure Progress toward Achieving the President's Goals***

One of the key components of any strategy is a means of measuring progress toward a defined goal. That requires both a baseline that sets a starting point for analysis and the tools to measure progress. To establish a baseline against which to measure progress toward improving the economic environment for manufacturing in the United States, the newly established assistant secretary would work with the Council of Economic Advisers, the U.S. Treasury and Labor Departments, and other relevant agencies, to initiate a benchmark analysis of the U.S. environment for manufacturing.

The study would identify and prioritize those areas of public policy that have the most impact on manufacturing competitiveness. The findings should be subject to further analysis to determine what, if any, actions could be taken. In addition, the study would review initiatives to improve manufacturing competitiveness underway at the state and local level or abroad.

### ***Create a New Office of Industry Analysis***

Through a new Office of Industry Analysis, the assistant secretary would be responsible for assessing the cost competitiveness of American industry and evaluating the impact of domestic and international economic policy on U.S. competitiveness, particularly in the manufacturing sector. This effort would require developing the analytical tools and expertise within the Commerce Department

to assess the impact of proposed rules and regulations on economic growth and job creation before they are put into effect.

### **Establish a President's Manufacturing Council to Provide Oversight and Advice on the Implementation of the President's Manufacturing Initiative**

To ensure that the government responds to the challenges facing U.S. manufacturers and remains focused on what matters to their competitiveness, Congress should establish a Manufacturing Council under the chairmanship of the Secretary of Commerce. The assistant secretary would serve as the executive director of the council. The council would provide a means of ensuring both regular contact between government and the manufacturing sector and effective counsel in the implementation of the President's Manufacturing Initiative. The council's membership should reflect the diversity of American manufacturing in terms of industries and the size of the enterprise, particularly small and medium-sized businesses.

### **Create an Interagency Working Group on Manufacturing Chaired by the Secretary of Commerce**

Implementing the recommendations outlined below will require coordination among a number of agencies within the federal government. Toward that end, the administration should establish an interagency working group modeled on the Trade Promotion Coordinating Committee. This manufacturing competitiveness interagency working group, chaired by the Secretary of Commerce, would be responsible for coordinating the implementation of the recommendations, as well as developing new initiatives that would carry President Bush's Manufacturing Initiative forward.

### **Foster Coordination and Cooperation among Federal, State, and Local Governments**

Not all of the steps needed to foster an economic environment helpful to manufacturing reside in the jurisdiction of the federal government. However, the federal government could serve as a coordinator of activities designed to foster a healthy manufacturing sector throughout the United States. The states have traditionally served as laboratories for a wide variety of initiatives that have shaped economic policy throughout the country. The administration should create an intergovernmental coordinating committee on manufacturing, with the assistant secretary serving as the coordinator, to ensure that sound ideas on regulatory reform or economic development strategies are widely available to all state and local governments.