The U.S. economy has been in long-term decline for decades and it will not recover until there is a revival of the U.S. manufacturing sector. The question is: will there be a revival of the U.S. manufacturing sector?

Right now, no such revival is in sight, and no policies have been put in place that will assure the long-term viability of the U.S. economy. Americans HAVE to start making the products they are buying. A “service” economy does not work: It just suffered a monumental collapse.

The $787-billion “economic stimulus” bill is not going to lead to the revival of the wealth production sector of America.

Why should it?

The United States has already spent eight years trying to revive its economy, injecting trillions of dollars into the economy without ANY payoff for the majority of Americans.

There have been trillion-dollar tax cuts; two wars that are infusing the industrial base with tens of billions of dollars per year. There was the American Jobs Creation Act of 2004, which allowed multinational companies to repatriate hundreds of billions of dollars of foreign profits – with the clear intention of creating jobs. No jobs were created. Last year, there was the direct $156-billion payout of money to Americans in the form of checks for
between $600 and $1,300. Interest rates have been lower than they have ever been. Americans had access to cheap money and have pumped hundreds of billions of dollars into their homes thanks to home equity loans.

What is there to show for all of this spending? Nothing! Why will another similar type of “stimulus” lead to anything different? The only thing that has been stimulated by all of this spending is China’s economy!

Yet American policymakers still haven’t figured it out.

One in 10 Americans can’t afford food, and are on food stamps. One in six Americans can’t afford health care coverage. The country is completely broke. Two major American cities – Detroit and New Orleans – lay in ruins. The reason the country is completely broke is because it has stopped making the products Americans continue to buy.

There are now more people unemployed than there are working for manufacturing companies.

Is there any doubt about how the United States became a superpower? It was industry, not finance that made American great.
Is there any doubt how China is rising to take America’s place?
It is simple and yet it seems so difficult for the country’s policy elites to grasp: without industry, America cannot be a superpower.

The country right now is like Wile E. Coyote. It has run off the edge of a cliff and its momentum (debt spending) is keeping it temporarily afloat.

At some point soon policymakers will have to get serious about economic development; about competing with foreign countries; about creating incentives for American and foreign companies to invest in production capacity in the United States instead of overseas. The country is going to have to address the unfair trade situation that has existed for 40 years.

At some point soon, America’s policymakers will have to start listening to the domestic manufacturing companies that create good American jobs, and to the millions of people who do not have jobs.

The powerful voices in Washington need to be muted. These voices belong to importers, retailers, Wall Street financiers, to the multinational companies that are protecting the investments they have made offshore, to shipping companies and ports, to foreign producers and all of their Washington trade associations, lawyers, lobbyists and think tanks.

The Soviet Union could make an intercontinental ballistic missile, but could not make a loaf of bread.
The United States can make a stealth bomber, but it can’t make a pair of shoes.

It is time for American policymakers to aggressively, thoughtfully and comprehensively put in place the incentives needed to rebuild American industry before it is too late.