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Gleanings

Can American Manufacturing Become Competitive Again?



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Since the late 1960s, the United States trade balance has been negative. This means that we are importing more goods and services than we are exporting; hence, we are a net consumer funding our buying binge with our savings and debt. We are experiencing the economic version of the second law of thermodynamics. This law states that order is progressively decaying into disorder. The ultimate state of disorder is death. Economically, when one unabatedly buys more goods and services than one produces, this leads to economic death.

An organization, such as a business, cannot operate like this for long. Organizations, even so-called non-profits, must earn a profit or go out of business—so also with individuals, communities, and nations. The people and organizations of the United States cannot continually import more than they export without draining their reserves or going into debt or both.

In the United States, one of the manifestations of being a net consumer is the decline in manufacturing. During the past decade, a number of my clients have seen the manufacturing for their industries migrate to foreign countries such as Mexico, India, and China. The reason is simple—the cost of labor.

Labor costs in many foreign countries, such as the ones noted above, are dramatically lower than in the United States. For manufacturers to compete globally, therefore, they must seek the lowest costs of production. This drives manufacturing operations to move from high cost areas in the United States to low cost areas in the United States, or, in many cases, to move to foreign countries. The shift in manufacturing leaves many U.S. manufacturing workers either unemployed or underemployed. Nevertheless, many of these Americans seek to maintain their lifestyles by depleting their savings and then by using debt. Instead of facing the insanity of this, federal, local, state, and governments tend to support this choice.

Arguably, the reason this is happening is sin.

Consider, for example, Boeing's recent battle with labor. Boeing, seeking to build its new 787 aircraft more efficiently with "just in time" inventory control and lower cost labor, built a plant in South Carolina that employed non-union labor. The machinist union, believing that Boeing was retaliating against the union, filed a lawsuit against the company. I think it is fair to assume that if the non-union workers in South Carolina voted to join the union, then the union lawsuit against Boeing would probably be dropped. So it appears that the one retaliating is the labor union, not Boeing.

Biblically, retaliation is sin (see Proverbs 25:21). When union bosses think only of their own interests, they will make self-centered, self-serving decisions. This is sin.

This situation illustrates one of the reasons why United States manufacturing is no longer globally competitive—self-serving, self-centered labor unions fail to think of the good of the whole.

Labor unions were formed to counter the nefarious actions of self-centered, self-serving business owners—businesspeople and financiers who used unscrupulous means, such as abusing labor, to achieve wealth.

Labor unions originally had a noble purpose—to fight the sin of unprincipled business owners and management. But over time, the labor unions, at least many of them, became corrupt. So that which was intended to fight sin, instead succumbed to sin.

An illustration of the way labor unions can succumb to sin happened in the mid-1950s. Jimmy Hoffa wanted to make Chattanooga a union town. To make his point, he targeted the McKee Bakery. He determined to make them an example of what would happen to any company that hired non-union labor. Hoffa's motive was control and power.

A devout Christian couple named O. D. and Ruth McKee owned McKee Bakery. O. D. and Ruth believed strongly in Christian education. To help young people attend some of the local Christian colleges, McKee Bakery hired students. None of the students were union members, though most of the full-time company workers were. Hoffa was determined to eliminate all non-union labor, so he ordered a strike and filed a lawsuit against the company.

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The union workers who worked for McKee Bakery honored the strike, but the non-union workers continued to work. Soon violence erupted. The McKee family members and non-union workers were threatened and some even beaten. From January to July, the union pickets harassed McKee Bakery. O. D. wanted to give in, but Ruth stood on principle. There was no law against hiring non-union workers. McKee's union contract did not prohibit hiring non-union workers, but Hoffa was trying to force the McKees to sign a new contract, using the strike and lawsuit as leverage. The union was simply seeking to force its self-centered, self-serving will on the McKees. The union was sinning and Ruth McKee would not capitulate. The courts eventually ruled in favor of McKee Bakery, which ended the union lawsuit and stopped the picketing. All this happened because Ruth stood on principle and believed that God would protect them.

When the motive of either management or labor is control and power, it is sin. Biblically, God is sovereign over His universe. The responsibility of management and labor is always to seek the will of God. To do this, one must think beyond oneself. One must think about the good of the whole and define success in terms of the many, not the one.

Can American manufacturing become competitive again? It can happen only if both labor and management put aside their personal agendas and interests and start thinking about the good of the whole—stop focusing on wages and benefits and start focusing on ways to produce quality products and services competitively in the world market.

This will undoubtedly require sacrifice on the part of many, if not most, of us. We need to align our budgets with sound biblical economic principles. Not only do we need a balanced budget, we need to save and pay off debt. We need to repent of being consumers and start being good stewards.

To do this, we must be willing to adjust our standards of living. God speaks through the marketplace and economic conditions. He alone has the prerogative to determine one's standard of living. To discern this, one must listen to God's voice through the economic situation.

We also need government at all levels to support biblical economic principles by balancing their budgets and reducing their debt. Additionally, local, state, and federal governments need to enact policies to encourage citizens to live within their means and build assets instead depleting assets and/or incurring debt.

In the end, success is not measured in dollars, it is measured in obedience to God and alignment with His will. We must stop working for our own interests and work for the good of the whole, and in particular, the good of future generations. This is the only way that American manufacturing can become competitive again.

The second law of thermodynamics applied to physical phenomena is irreversible apart from divine intervention. But applied to economic phenomena, this law can be reversed. All that we must do is repent of our financial and economic sin and then align with God's will for financial stewardship. American manufacturing can be competitive again, but only if Americans choose to obey God. The bottom line is that if we don't embrace biblical economic principles, we will die economically; but if we embrace biblical principles, we will prosper. May the Lord give us grace to prosper.

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