

# The Real Reason for the Demise of Manufacturing in America

With the recession of the early 1970's came the famous rust belt as American manufacturing fled our nation for foreign lands.

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The real reason for the demise of manufacturing in America is because it doesn't make enough money! Manufacturing, as well as farming and ranching, is capital intensive with a low return on investment. A factory requires huge amounts of capital (money) to startup and run, worst yet, the return on that capital, that is, what you make from the money you have invested is small. In the early 1960's, using the new analysis techniques of Operations Research, American manufacturing discovered that they were making only a few percent on their capital, just like having a bank savings account making only 1.5% interest. This was at a time when new investments such as shopping malls, strip centers, franchise restaurants and big box stores had a return on investment of 10, 15, 20 percent or more. American manufactures didn't want to move overseas to cheap labor, they just wanted out of manufacturing to invest in those big money making machines of the new hyper-consumerism economy.



But other countries did want those discarded factories, and so worked earnestly to have those factories, knowing they were the key for their economic advancement despite having a low return on investment. This all came about with the advent of industrial robots which was doing away with the highly skilled machinists so necessary to have manufacturing. If low cost labor had been the only factor, then those factories would have simply moved to the southern states. Without the new robot machine tools, the factories could not have moved overseas, simply because those foreign countries didn't have the labor pool of highly skilled machinists and other skilled technical people needed to build and run modern manufacturing.

Modern wars are fought and won . . . or lost in the factories. It's been that way since the first modern war, the American Civil war, and continues up to today. With so many of our elected congress having virtually no real knowledge or understanding of the modern world and how it works, they very foolishly let those necessary manufacturing assets just slip through their fingers like water. They knew so little that they thought nothing about losing our true military and

national power without so much as a whim. Wars are won in the factories- and with the growing threats from communist Russia and China, where will we be if we suddenly find ourselves in a major war?

So, does God really watch over fools?

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