

Does Rust Belt manufacturing have a future?

April 29 2015, by Greta Guest



Bill Lovejoy

William Lovejoy, professor of technology and operations at the Ross School of Business at the University of Michigan, shared his thoughts about manufacturing's future on Friday with journalists at the Society of American Business Editors and Writers annual conference in Chicago. Here are some excerpts.

Q: Hasn't the U.S. economy managed by replacing manufacturing jobs with service and information jobs?

Lovejoy: "Service-based" and "Information-based" economies are seductive, but dangerous, illusions that appeal to the natural human gravitation toward ease and comfort. The pristine ideal of generating wealth from pure thought or energy, without the bothersome grit of making anything, is undeniably attractive. We are aided in this illusion by the sheer complexity of modern macroeconomic phenomena, making just about any theory seem plausible, even one that conjures up images of wealth without physics.

However, it should be obvious that we cannot run an [economy](#) by giving each other haircuts or exchanging chats and photos. Information has no value in isolation. Uber is worthless without cars, Airbnb worthless without housing.

Technological miracles like a modern automobile or a Boeing 747...these things are phenomenal confluences of human understanding and technology. Don't confuse that with Facebook and Snapchat, which are trivial. Almost by definition, if an 18-year-old can do it in a dorm room, it's not difficult and it's certainly not the basis for an economy.

There is a reason why manufacturing is only 12 percent of the U.S. economy but accounts for 60 percent of our exports. If we cease making things we give up a foundational source of national wealth.

Q: What can the Rust Belt do?

Lovejoy: Stop aspiring to be the next Silicon Valley. Today's Silicon Valley does not revolve around great hardware, but software. What we

do in [manufacturing](#) is infinitely more difficult and complex than writing software. Recognize and value that difference.

If the Rust Belt has no future, America has no future. Capture people's imaginations. Why is the cool electric vehicle (Tesla) being made in California and not Detroit? If we're not making cool stuff the world wants, America is going to lose out not just the Rust Belt.

Embrace social trends instead of fighting them. At least from a public perception, the auto industry opposed mileage standards for years. Now, the perceived leaders in hybrid efficiency are Japanese, not American. Why should that be? The need to use less fossil fuel was apparent then is apparent now and is not going away.

What other social trends are worthy of recognizing, and perhaps designing for? An aging population? The accelerating rich/poor divide (the latter still need cars)?

Look for a mixed big company/small company economy. Nurture a startup environment in physical products. Lots of small innovators will create more cool things than a few big ones. Urban bicycles, urban farming, etc., all invite new product design that may be well-suited for smaller design companies. But, we still need large companies for complex, capital intensive products and mass employment.

Provided by University of Michigan

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