

We Need a Friend in Washington

Educator and author George Haley believes U.S. government policy has been working against manufacturers for several decades.

George Haley isn't shy about voicing his concerns—and, at times, outrage—about some of the most critical issues facing U.S. manufacturing, from the failings of our education system to the “overvalued” U.S. dollar. But Haley says nothing irks him more than the notion that the United States can't compete with other nations because it is a “high-cost labor market.” ¶ “There's nothing in economics that says that a high-cost labor market cannot compete,”

Haley says. “It just has to be given a chance to compete. And right now, I don't think our government policy gives our manufacturers a chance to compete. It just doesn't.”

Haley, a professor of marketing and international business at the University of New Haven and founding director of the university's Center for International Industry Competitiveness, goes as far as saying that “U.S. government policy in recent decades has actually had an outright negative effect on U.S. manufacturing.” Haley traces the roots of such policy back to President Ronald Reagan's assertion that the United States is a “post-industrial society.”

“That's the stupidest statement any president has made in history,” Haley says.

Haley calls the tenure of President George W. Bush “probably the worst time in history for U.S. manufacturing.” One of Bush's most destructive policies, Haley asserts, was his administration's focus on maintaining a high currency value for the U.S. dollar. Haley is adamant that the United States needs to have its “currency valuation based upon our trade deficit with the rest of the world—and our trade deficit indicates our currency is overvalued.”

“Lower the damn value of the currency,” Haley says. “The [U.S.] government constantly complains about the Chinese yuan being undervalued. Well we can't control the value of the Chinese yuan. We can just complain about it. We can control and influence much more directly the value of the U.S. dollar.”

Haley also believes the Obama administration should take a cue from former President Richard Nixon, who temporarily imposed a 10% surcharge on imports in an effort to induce Japan and Germany to revalue their currencies.

“If Chinese currency is 30%, 40% undervalued, slap a penalty on Chinese products across the board,” Haley says.

Haley and his wife, Usha, have lived, researched and taught in China, Hong Kong, India, Singapore, Thailand, Vietnam and

other far-flung locations, in an effort to immerse themselves in emerging international markets. The experience helped the husband-wife team pen two books together: “The Chinese Tao of Business: The Logic of Successful Business Strategy” and “New Asian Emperors: The Business Strategies of the Overseas Chinese.”

One thing Haley learned from his research is that it's misguided to believe that a “state-owned enterprise is going to be slow, inefficient and ineffective.”

Haley illustrates his point with a story from “The Chinese Tao of Business” in which the head of U.S. operations for the Chinese home appliance manufacturer Haier presented a new product idea—sketched on a napkin—to the company's CEO during a visit to Haier's Qingdao, China, headquarters. By the next morning, Haier's engineers already had created a “complete life-size mockup,” Haley says.

“Six months later they had a prototype of the product. Twelve months later they had the product being shipped to stores in the U.S.,” Haley says. “If you were to be working for any U.S. white-goods manufacturer, two to three years is the estimate on getting a product from its conceptualization to the stores. That has to be sped up.”



Companies vs. Governments

Haley notes that Germany, which he calls the “best-performing developed economy in the world,” has a national industrial policy that promotes German manufacturing. The United States should have one too, Haley says. Such a policy should address how we value our currency, how we promote job creation and how we promote innovation and “the scaling up of successful small companies,” among other issues.

“We're competing with companies—whether they're state-owned or privately owned—that work in concert with their governments not only for the benefit of their society but for the benefit and profitability of the companies,” Haley says. “And we have to suck it up and recognize that a company alone simply cannot compete against a government—not without the support of its own government.”