

# **Are We Tearing America's Economic Tapestry?**

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The American economy is akin to an intricate tapestry.

As the tapestry consists of interwoven strands connected to each other in a complex pattern, manufacturing is also intricately related to the larger US economy.

In the tapestry, when one strand breaks the linked threads are weakened, often irreversibly. So too, losses in one manufacturing sector ripple through the larger economy.

When clothing production is diminished, for instance, the demand for the textiles used in that production also declines.

Falling textile production then weakens the demand for fibers - harming the chemical manufacturer, cotton farmer, and sheep rancher alike.

And when those producers are unable to sell their goods, the providers of production equipment, parts, fuel, and seed are unable to sell theirs.

Behind all this, the commercial support services suffer - the bankers, insurance companies, truckers, railroaders, engineers, software specialists, architects,

utilities, and construction workers, among dozens of others, all dependent on a strong manufacturing base.

When US factories close, countless small businesses then feel the pinch -the car dealerships, dry cleaners, barbershops, and restaurants, among many other local services.

In sum, a weakening in one part of this manufacturing tapestry quickly moves throughout its length and breadth - harming owners, workers, suppliers, distributors, communities, states, and ultimately the nation.

Viewed another way: The effect of each dollar produced in manufacturing multiplies as it flows through the economy. But these multipliers also work in reverse.

Over this past year, America lost 1.1 million manufacturing jobs. Today, the effect of that loss is moving throughout the rest of the US economy. Now, more than ever, we think manufacturing in America matters. What do you think?

## **Wealth Creating “Multipliers”**

<u>Each Output \$1 Creates Total Output</u>	
Motor Vehicles .....	\$2.86
Computers .....	2.71
Textiles and Floor Coverings.....	2.52
Household Appliances .....	2.39
Primary Metals .....	2.38
Finance .....	1.69
Retail Trade .....	1.56

US Dept. of Commerce, BEA



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