

April 7, 2006

An open letter to Governor Arnold Schwarzenegger and California Legislative Leaders:

For decades the driving engine of California's economy has been manufacturing. Fueled by the state's research, technological and intellectual resources, California has grown to employ more workers in manufacturing than any other state. However, manufacturing employment in the state significantly declined during the economic downturn from 2001 to 2004. These jobs are not coming back in the recovery. Instead of adding manufacturing jobs that are the pathway to the middle class for under-educated workers, California is growing service sector jobs with much lower average wages and less opportunity for advancement. The difference in average wages between declining sectors (\$53,250) and growing sectors (\$38,693) is dramatic. More than half the jobs lost in the declining sectors were manufacturing. (*A Growing Divide: The State of Working California 2005, California Budget Project, September 2005*)

This isn't the first time California manufacturing faced a gloomy future. Twenty five years ago, the twin challenges of foreign competition and domestic industrial obsolescence prompted then-Governor Jerry Brown to create the California Commission for Industrial Innovation (*Exec Order #B-91-81*), which was then made permanent by SB 888 (Alquist) (*Government Code Sec. 12095*). The Commission, made up of representatives from the public sector, business, labor, and academia, issued a final report with fifty policy recommendations to put California back on top. (*Winning Technologies: A New Industrial Strategy for California and the Nation, 1982*).

When the Commission began their work, the next wave was computers and information technology — today it is biotech, nanotechnology and advanced "lean" manufacturing of all types. No appointments have been made to the Commission in recent years, yet their core mission is relevant today — to ensure California captures the high-wage employment and new investments that will be made in cutting-edge, new technology manufacturing.

For this reason, we urge you to immediately revive the Commission by appointing highly qualified individuals and providing the resources they need to fulfill this mission. Legislation has been introduced this year to update and refocus the Commission, if necessary (AB 2860 Lieu). We shouldn't delay — manufacturers have growing opportunities to outsource operations, expand in other regions, or even move offshore. These decisions are commonly made years ahead of the time jobs actually "leave" the state, but the handwriting is on the wall. We should not stand by and let high-wage manufacturing jobs go without a fight, or without even noticing until it's too late.

The Good Jobs Coalition

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