

**Statement of John F. Tierney  
Chairman  
Subcommittee on National Security and Foreign Affairs  
Committee on Oversight and Government Reform  
U.S. House of Representatives**

**Hearing on “Made in the USA: Manufacturing Policy, the Defense Industrial Base,  
and U.S. National Security.”**

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Good morning. Today, the Subcommittee turns its attention to a matter that has far-reaching consequences for both our economy and our national security: U.S. manufacturing and the defense industrial base.

For decades, manufacturing has been the backbone of the American economy. The United States has been known as the land of innovation, the home of the car, the computer, and the jet plane. These innovations lead to good jobs for hardworking Americans. American manufacturing is also a bastion of quality, where the words “Made in America” signify superior craftsmanship, durability, and value.

However, despite the importance of innovation and manufacturing to our national economy, manufacturing jobs have been dropping steadily over the last several decades. Right after World War II, manufacturing accounted for 40% of American jobs; today, that number is closer to 11%. While the decrease in manufacturing affects many aspects of the U.S. economy, today we will focus on one area in particular: the defense industrial base.

The decrease in manufacturing at home has forced the Department of Defense to look abroad to acquire the tools it needs to arm our forces and provide for our national defense. Outsourcing takes control of our supply chain out of our hands. When foreign companies – or governments – control the production of necessary parts, our critical defense needs are subject to geopolitical forces that are beyond our control. For example, in 2003 a Swiss company decided to delay delivery of essential parts of the Pentagon’s Joint Direct Attack Munitions – commonly known as ‘smart bombs’ due to their ability to pinpoint targets – because of the Swiss government’s opposition to the Iraq War. Not only did this force the Defense Department to acquire these parts at a higher price, there was a significant delay in getting these munitions to our forces overseas.

Further, it is only when critical parts are made in America that we can be sure that the quality meets our needs. There have been countless situations where the Department of Defense has received foreign parts that did not meet its quality standards, including substandard and counterfeit materials. In one example, seatbelt clasps purchased by the United States Army would break when accidentally dropped because they were fabricated from a substandard grade of aluminum.

One particularly salient example of our dependence on foreign countries to supply us with essential materials used for defense is our need for rare earth metals. These metals are used for making a wide-range of commercial and defense applications, including the engines for F-14, F-15, and F-16 fighter jets. Such materials are also critical components of high tech computer chips, cell phones, and smart bombs that are hallmarks of warfighting in the information age. China produces – and therefore controls – 97% of rare earth oxides. It would take about 15 years to establish a domestic supply chain. The national security implications of this imbalance are impossible to ignore.

We also face significant workforce training and capacity issues. The Government Accountability Office has consistently reported that there are not enough highly skilled workers to perform the critical tasks needed to sustain our industrial base. We have more people retiring than entering the workforce, which means companies that want to build in America cannot find workers with the right skills to do so. As such, we will have to invest in our education system as well as our training programs.

We must also look at our manufacturing capacity and ensure that we have modern, technologically advanced facilities that can respond to both civilian and defense needs. We need smart policies that assure that a skilled manufacturing workforce has the flexible capacity to shift between defense, public works, and commercial activity as the times demand.

Creating a robust manufacturing sector also requires careful consideration of tax, trade, innovation, and regulatory policies. I want to stress that this is not about protectionism or stifling free trade. It's about being competitive.

I applaud the House for passing H.R. 4692 which would require each President to develop a national manufacturing strategy and assess progress. I encourage the Senate to do the same. We can no longer afford to jeopardize our economy, the livelihood of Americans, or our national security by ignoring the manufacturing sector.

Modernizing and improving our industrial base will ultimately improve our economy, provide better employment opportunities to Americans, and strengthen national security. We have to start to think strategically about the industrial challenges we face and take aggressive action to fully address them. Our economic and national security demand it.