



**Indiana Manufacturers Association**  
*Indiana's Leading Voice for Industry*

# Letter to the Editor

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For immediate release June 27, 2007

*Letter to the Editor:*  
*From Patrick J. Kiely, President, Indiana Manufacturers Association*

## The Truth About Indiana Manufacturing

*Indianapolis* – You may see announcements that a coalition of higher education and business interests are partnering in an effort to promote the growth of the manufacturing and logistic industries in central Indiana. The Indiana Manufacturers Association welcomes more voices in the choir.

At the starting point of this campaign, it would seem appropriate to clear up some misconceptions about the current state of manufacturing in Indiana, and to provide some insight as to what manufacturing will mean to Indiana's future.

News articles and editorials with headlines like “Indiana Bleeding Manufacturing Jobs” have become common. Such articles, however, only tell part of the story and leave readers with incorrect perceptions. Certainly, manufacturing is changing, and that includes manufacturing in Indiana. But change should not be confused with decline. Over the past three years, if you had invested your 401(k) plan assets in such “new economy” stocks as Microsoft, Intel, AMD, Cisco and Wal-Mart or such Indiana companies as U.S. Steel, Nucor, Toyota, Steel Dynamics and Biomet, which do you think would have shown better growth? The answer is the Indiana companies.

It is true that over the past 25 years, Indiana's direct manufacturing employment has declined. A percentage of this decline is not because of real job loss but rather because of the reclassification of jobs to the service sector that were previously counted as manufacturing. But, it is true that the overall employment numbers are down over the past two decades. During that period, however, manufacturing production in Indiana has remained relatively constant. In 1980, manufacturing accounted for 32.8 percent of total Indiana Gross State Product. Today, it is 28.2

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percent. Indiana's manufacturers are producing 28.2 percent of the wealth in the state with 16.2 percent of the workforce.

What the sum of these statistics tell us is that manufacturing in Indiana is not "old world." Indiana's manufacturers are examples of how strategic investment in technology can increase productivity and keep an employer competitive in a global economic environment. Today, manufacturing means as much to Indiana's livelihood as it ever has; in fact, more than it does in any other state. Manufacturing is the principal engine of growth in any modern economy.

As for the future, it needs to be recognized that most of the growth in manufacturing employment over the next decade will occur in traditional industries already located in Indiana. While productivity increases have the negative effect of less total manufacturing employment, it also means that the remaining jobs and those created in the future will be more skilled, better paying and more interesting. All Hoosiers have a stake in a healthy manufacturing sector; and as a state, we can do a better job of developing policies that foster manufacturing growth. The key to unleashing the growth potential of Indiana manufacturing is to provide a business climate that encourages innovation, entrepreneurship and investment.

Manufacturing in Indiana is a great productivity story – a story that needs to be told and heard by more people. Manufacturing is high tech and high wage, and will continue to drive Indiana's economy to increased prosperity and innovation.