

# Made in the USA Reports

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## 2016 Hall Fame Award Winners Announced

- 1. Boeing 787 Dreamliner**—Boeing’s latest aircraft is more than 20% more efficient than its competition because of its composite structure and energy efficient engines.
- 2. Mercedes C Class**—The first Mercedes sedan to be made in the USA in Tuscaloosa, Alabama. This Mercedes has a higher U.S. content than many Cadillacs and Lincolns.
- 3. Tesla Model X**—Tesla has produced a four-wheel drive electric sports utility vehicle that seats seven passengers in comfort.
- 4. Rancourt Shoes**—handcrafted in Maine since 1967, men’s and women’s shoes. Available at Brooks Brothers.
- 5. Quoddy Shoes**—Made in Maine boat and casual shoes for men and women.
- 6. Brooks Brothers**—Men’s suits, shirts and ties are made in the U.S.A. as well as Rancourt and other shoes.
- 7. Okabashi Sandals**—comfortable sandals, made in Georgia.
- 8. 1888 Towels**—High-quality American-made towels.
- 9. Blenko Glassware**—Beautiful handmade glassware made in Milton, West Virginia since 1883.
- 10. Rocky Mountain Hardware**—Door, drawer, window handles and pulls are expertly crafted in Idaho using only the finest art-grade bronze and precision-

quality mechanisms that stand up to the test of time. All Rocky Mountain Hardware products are backed by a lifetime guarantee.

**11. Rejuvenation Hardware**—manufactures lighting fixtures in Portland, Oregon.

**12. Tough Traveler**—makes backpacks, baby carriers and travel accessories in Schenectady, New York.

**13. American Optical** eyeglasses are the genuine, original, classic designs worn by U.S. military pilots for over 50 years, selected by NASA for the Apollo moon mission, and displayed at the Smithsonian Air & Space Museum. They are made in Southbridge, Massachusetts.

**14. Yoga Smoga** athletic wear is made in New York City.

**15. Competition Headwear**—the most American caps are made in Denver, Colorado.

**16. Room and Board Furniture**—made in the U.S.A. by many manufacturers, sold in 14 showrooms across the country.

**17. J Vineyards and Winery Pinot Gris**—Russian River valley in Sonoma, California.

**18. Ventura Limoncello**—The best lemons in Ventura county, make the best Limoncello, from an old Italian recipe.

**19. Georgia Pacific**—manufactures paper products, including Brawny, Quilted Northern, Dixie and Angelsoft, as well as drywall in the United States.

**20. Channellock Pliers**—Since 1886 making high-quality pliers in Meadville, Pennsylvania.

**21. Civilianaire Apparel**—Makers of tough-quality jeans and apparel in Vernon, California.

**22. Morgane Le Fay Apparel**—Beautiful, dressy, high-end women's clothing made in New York City.

# **Trump's Trade and Tax Theories are Seriously Flawed**

By Joel D. Joseph, Chairman, Made in the USA Foundation

A recent acquaintance wrongly assumed that I support Donald Trump's candidacy for president because I chair the Made in the USA Foundation. (I don't support any candidates for public office.) Mr. Trump's fundamental trade position is that the United States has been out-negotiated by China, Mexico and Japan. This is not the real cause of our trade imbalance. Our trade deficit has not been caused by Chinese or Mexican companies, it has been caused by American companies going offshore and an American tax system that encourages it.

American companies, from General Motors to Carrier air conditioning to Johnson and Johnson and Pfizer are the problem. Remember when in 2008 U.S. taxpayers saved GM from going out of business? While we were saving GM, it moved production of the Cadillac SRX to Mexico and the Buick Regal to Germany. After costing the U.S. government more than \$10 billion, GM is now importing Buicks from China, South Korea and Poland. At the same time Mercedes Benz and BMW have been ramping up their auto production in the United States.

Johnson and Johnson makes all of its band-aids in China and Brazil. No trade deal encouraged them to go offshore, only cheap labor. It is interesting that most private label band-aids are made in the United States.

Carrier is moving air conditioner production from Indiana to Mexico. Carrier is moving there for cheap labor. Our tax system allows Carrier to deduct the cost of moving production offshore from its U.S. income taxes. This practice must be stopped. Our tax code should not encourage greedy companies to move production offshore.

## **Trump is Part of the Problem**

We don't need better negotiators, we need better laws and more loyal companies. There are not many businessmen less loyal than Donald Trump and his family. Not only are his hotels filled with imported furnishings, nearly all of his Trump suits, shirts and ties are all imported. Harvard Trade and Investment Professor Robert Lawrence did an investigation of Trump-branded merchandise advertised

on Trump.com and found that products made in the U.S. are the exception and not the rule. Most of the Trump neckties, shirts and suits are made in China, Bangladesh, or simply say “imported.” And virtually all of his daughter Ivanka Trump’s extensive clothing and accessory line for women is made outside the U.S., with many items manufactured in China.

“Of the 838 Ivanka products advertised through the site, none appear to be made exclusively in the U.S.; 628 are imported and 354 made in China,” Professor Lawrence found.

Trump’s wife, Melania, who is also in the fashion business, has a jewelry line sold on the QVC television shopping network. Melania Trump’s jewelry is all made in China.

Mr. Trump claims he can’t make money making suits, shirts and ties in the USA. But Brooks Brothers does. So does Hart, Schaffer and Marx and numerous other companies. Dozens of American companies make women’s apparel in the United States. Similarly, hundreds of companies make jewelry in America, from Alex and Ani to Tiffany. If the Trump family really cared about manufacturing in the United States, they would have sourced most of their products domestically.

## **Taxes**

More and more U.S. companies are moving offshore to save money on taxes. Pfizer, the largest pharmaceutical company in the world, moved production from the United States to Ireland for one reason: The Irish corporate tax rate is 12.5%.

Mr. Trump proposes a 15% corporate tax for all corporations. If we reduced corporate taxes to 15% across the board, corporations would still move to Ireland and other countries with lower taxes. This shows Mr. Trump doesn’t really understand what the heck is going on.

If we tax all corporations at a 15% rate, the U.S. Treasury will suffer hundreds of billions in lost income. Service industries are not moving offshore. A pizza parlor can’t pick up and move to China. Lowering taxes on services, retail and other businesses will not help our trade imbalance, but it will massively increase the national debt.

Only manufacturing costs matter. A better, targeted proposal is a manufacturing tax of zero. If we tax corporations who manufacture 100% of a product in the

United States at a tax rate of zero, no profitable corporation would consider moving offshore, and many will move back. Yet it won't deplete the U.S. treasury since most (88%) of the corporations who pay taxes do not manufacture in the United States. And those who manufacture here usually don't manufacture every component of their products in this country. The manufacturing tax of zero is a proportional tax: if a company makes a product 50% in the United States, it will pay a tax rate of 17.5%, half the usual rate of 35%. The manufacturing tax of zero would definitely encourage companies to make a higher percentage of their products in the United States.

Mr. Trump has shown that he is no friend of U.S. manufacturing. He has also shown that he really doesn't understand the problem and the relationship between taxes and trade. Maybe we will learn more about Mr. Trump and taxes when he releases his personal income tax returns.