



From the office of Texas Workforce Commission

Chairman Tom Pauken

Opinion/Editorial

For Immediate Release

Date: October 6, 2011

Missing the Forest for the Trees: Raid on Gibson Guitar a Questionable Decision **By Tom Pauken**

The Gibson Guitar company stands out as an iconic American institution known for making the instrument of choice for some the world's best known rock bands and musicians such as B.B. King and Eric Clapton. But it also stands out for another reason. In an era when American manufacturing jobs have disappeared in the millions, Gibson is a manufacturing company that is adding workers. In fact, the Tennessee-based company has hired 580 employees in the last two years, according to CEO Henry Juszkiewicz.

One would think that the Obama administration, which has been touting the importance of U.S. manufacturing, would be lauding this American company as a manufacturing star. Instead, its U.S. Fish and Wildlife service sent armed agents into Gibson's factories and offices to confiscate a million dollars worth of wood and guitars along with computer hard drives. According to John Roberts of Fox News, the reason for the raid was "suspected violations of the Lacey Act, a 1900 law initially crafted to protect rare and exotic birds ... It was amended in 2008 to include wood."

An ostensible purpose of the amendment was to prevent Americans from importing wood products sourced from illegally logged forests. Gibson is alleged to have imported unfinished rosewood and ebony from India in violation of an Indian law requiring that the wood be finished before being exported. Gibson denies the allegation and has produced letters from the Indian government stating that the wood was imported in compliance with Indian law.

So, why were federal agents so aggressive in their pursuit of Gibson, a century-old American company which is creating much needed jobs here at home? It is hard to know exactly why. Nonetheless, the present administration has been very aggressive in its enforcement policies of various regulatory provisions that negatively impact business and industry. Juszkiewicz, Gibson's CEO, notes that the Lacey Act "leaves a lot to interpretation." George Gruhn, a vintage guitar dealer in Nashville, also expressed confusion over the law

– more –

saying that there “is uncertainty about what the federal government expects.” Opaque laws and regulations are sometimes inevitable; but, when that happens, the federal government should avoid taking a punitive posture towards those struggling to comply in good faith. American businesses already must function under the yoke of the most onerous corporate tax system in the world. We must not add to that burden by forcing them to operate under the fear of draconian enforcement of unclear laws.

Instead of working with Gibson, government officials decided to send gun-toting agents to its factory in the middle of a workday and shut down operations – all because Gibson supposedly is breaking an Indian law that India says the U.S. guitar company is obeying. Let’s hope that Gibson doesn’t get the idea that India is a better place to do business than America. Otherwise, we may see even more manufacturing jobs go overseas.

Tom Pauken is the chairman of the Texas Workforce Commission and author of Bringing America Home

Media Contact: Lisa Givens (512) 463-8556

The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in coordination with its network of local workforce development boards, call (512) 463-8556 or visit www.texasworkforce.org.