



growth

A GROWTH AGENDA: Four Goals for a Manufacturing Resurgence in America



Manufacturers are ready to power the economy. With the right policies in place, we will transform a difficult and sluggish recovery into an economic resurgence. After all, manufacturing has the highest multiplier effect of any other sector of our economy. Investments in manufacturing multiply across the economy, creating jobs and growth in other sectors.

Simply put, manufacturing makes America strong.

Unfortunately, Washington is holding manufacturers back. Our competitiveness is slipping, so much so that it's now 20 percent more expensive to manufacture in the United States compared to our competitors, and that figure excludes the cost of labor.

An uneven economic recovery continues to send mixed signals to businesses and consumers. Unemployment is high. The global economy remains shaky. Too many Americans no longer believe that our country's best days are ahead of us. Those naysayers are wrong—assuming we get our policies right.

The United States needs a comprehensive plan for economic growth. A bipartisan commitment in Washington to pro-growth policies will make our nation a more competitive place to do business.

To succeed, manufacturers need our elected leaders to choose policies that make this country a better place to invest, a better place to innovate and a better place from which to export. They must choose policies that strengthen our workforce so that it meets the needs of manufacturing in the 21st century.

This strategy is a blueprint for competitiveness that will unleash the economy and manufacturing's outsized multiplier effect. Importantly, manufacturers' aspirations—the four goals laid out in the pages that follow—are ones that all Americans who want to maintain our country's economic advantage can rally around. To advance manufacturers' cause, we must put policy above politics.

Making America strong: That's what manufacturers have been doing for more than a century. And with the right policies in place, manufacturers in America will make this country even stronger.

Jay Timmons
President and CEO
National Association of Manufacturers



Did you know: Manufacturers in the United States are the most productive workers in the world, far surpassing the worker productivity of any other major manufacturing economy, leading to higher wages and living standards.



GOAL #1

The United States will be the best place in the world to manufacture and attract foreign direct investment.

Manufacturers have an array of attractive options around the world when deciding where to invest, conduct research, build new facilities and create jobs, yet policymakers too often choose policies that put manufacturing in America at a disadvantage. The United States must create a dynamic environment that supports jobs and economic growth.

Did you know: Manufacturing supports an estimated 17.2 million jobs in the United States—about one in six private-sector jobs. Nearly 12 million Americans (or 9 percent of the workforce) are employed directly in manufacturing.



Did you know: Taken alone, manufacturing in the United States would be the 10th largest economy in the world.

Create a national tax climate that promotes manufacturing in America and enhances the global competitiveness of manufacturers in the United States.

A pro-manufacturing tax policy must acknowledge that a high tax burden makes manufacturers in the United States less competitive.

Embrace an “all-of-the-above” approach to energy production. Manufacturing accounts for one-third of the energy consumed in the United States. A dynamic and growing economy requires dependable and affordable energy supplies.

Modernize and invest in infrastructure to help manufacturers in the United States more efficiently move people, products and ideas. Infrastructure in the United States is outdated and resting on the legacy of a previous era—improvements will strengthen our competitiveness and increase our export potential.

Ensure—and independently verify—that the benefits of regulations justify their costs to manufacturers in the United States.

While some regulations are necessary, the current regulatory system is out of balance and a significant impediment to competitiveness and economic growth.

Implement common-sense, fair legal reform. Direct tort costs total almost 2 percent of U.S. GDP—among the highest levels in the world—and our system of “jackpot justice” injects damaging risk and uncertainty into the business climate.

Reduce health care costs for both patients and providers. Rising health care costs siphon resources away from investing in new technologies and facilities and creating new jobs.

See the issues that must be addressed to make manufacturing in the United States more attractive.





ISSUE FOCUS.....

Tax

Manufacturers in the United States face a significant disadvantage in the global competition for investment and jobs. In fact, it is 20 percent more expensive to manufacture in this country compared to our major trading partners, excluding the cost of labor. Taxes drive this cost disadvantage.

To improve our competitiveness, the United States must overhaul its tax system at the corporate and individual levels. The United States now has the dubious distinction of having the highest corporate income tax rate among the nations in the Organisation for Economic Co-operation and Development (OECD) after surpassing Japan in 2012. Around the world, countries are lowering corporate tax rates, often dramatically, and most of our competitors have moved to a territorial tax system. Meanwhile, the United States has not significantly improved our tax laws in almost three decades.

The tax treatment of smaller manufacturers is important as well because two-thirds of manufacturers are organized as “flow-throughs” and pay taxes at individual rates. Any tax reform effort that includes higher tax rates for these companies would negatively impact their ability to invest in their business and create and retain jobs.

- Create a national tax climate that enhances the global competitiveness of manufacturers in the United States and avoid policy changes that would increase the tax burden on the manufacturing sector, discouraging job creation and investment.
- Reduce the corporate tax rate to a level that will make the United States competitive with our major trading partners and recognize the significant reductions made by other competitor nations.



- Move from the United States’ current worldwide tax system to a territorial tax system similar to systems in most industrial countries, structured to enhance U.S. competitiveness, not raise additional revenue.
- Provide a strong, permanent and competitive research and development (R&D) incentive to help ensure that manufacturers in the United States continue as global leaders in technology and innovation.
- Maintain a robust capital cost-recovery system to spur business investment and expansion.
- Embrace every energy resource at our disposal, both traditional and alternative sources: natural gas, oil, coal, nuclear, wind, solar, hydropower, biomass, energy efficiency and all other technologies that may be harnessed now and in the future.
- Stop proposals by the Environmental Protection Agency (EPA) when they are unachievable, have untenable compliance costs or would otherwise damage manufacturers’ ability to create jobs and compete globally.
- Strengthen our energy infrastructure to accommodate growing energy resources, with steps such as approving construction of new domestic and cross-border pipelines and new transmission lines and expanding energy-related transportation infrastructure.

Energy

Energy is poised to be a significant competitive advantage for manufacturing in the United States. In fact, the United States enjoys a slight advantage on energy costs compared to our major trading partners. The United States can widen this gap and enhance our energy security.

- Standardize and streamline regulations, policies and permitting to provide access to traditional energy resources, electricity generation and the expansion of renewable and alternative energy.



Did you know: Manufacturing in the United States produces \$1.8 trillion of value each year, or 12.2 percent of U.S. GDP. For every \$1.00 spent in manufacturing, another \$1.48 is added to the economy, the highest multiplier effect of any economic sector.

- Take advantage of new opportunities to develop energy resources, such as development of unconventional oil and natural gas formations across North America.
- Expedite the onshore and offshore permitting process to allow greater access to domestic energy resources.
- Promote research, development and deployment of technologies that improve energy efficiency and support domestic energy production and manufacturing.

Infrastructure

Manufacturers rely on a strong infrastructure to move people, products and ideas. Unfortunately, the nation's infrastructure is out of date and resting on the legacy of a bygone era. To compete in the 21st-century economy, the United States must invest in and modernize our infrastructure in ways that encourage economic growth, job creation and increased competitiveness.

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- Return to a fully funded, multiyear surface transportation reauthorization that offers certainty and supports infrastructure projects that improve safety, facilitate trade and create jobs.
- Champion new and innovative approaches, including private investment, bonding, environmental permit streamlining and flexibility for states as part of a comprehensive and long-term infrastructure strategy that includes highways, bridges, rail, transit, airports, seaports, inland waterways, and water and wastewater systems.
- Accelerate the transition to a modern, satellite-based Next Generation Air Transportation System.
- Promote spectrum reform to enhance the expansion of wireless networks.
- Encourage private-sector investment in the development of high-speed communications and broadband infrastructure.
- Modernize the electric grid to improve efficiency, reduce costs and meet the needs of our advanced economy.



GOAL #2

Manufacturers in the United States will be the world's leading innovators.

Innovation propelled the United States to its global leadership position in manufacturing. But other nations are eager to take our place and are establishing R&D incentives that are far more attractive than those offered by the United States. To maintain its mantle of leadership, the United States must adopt policies that will attract and retain R&D activities and promote and protect manufacturers' intellectual property (IP).

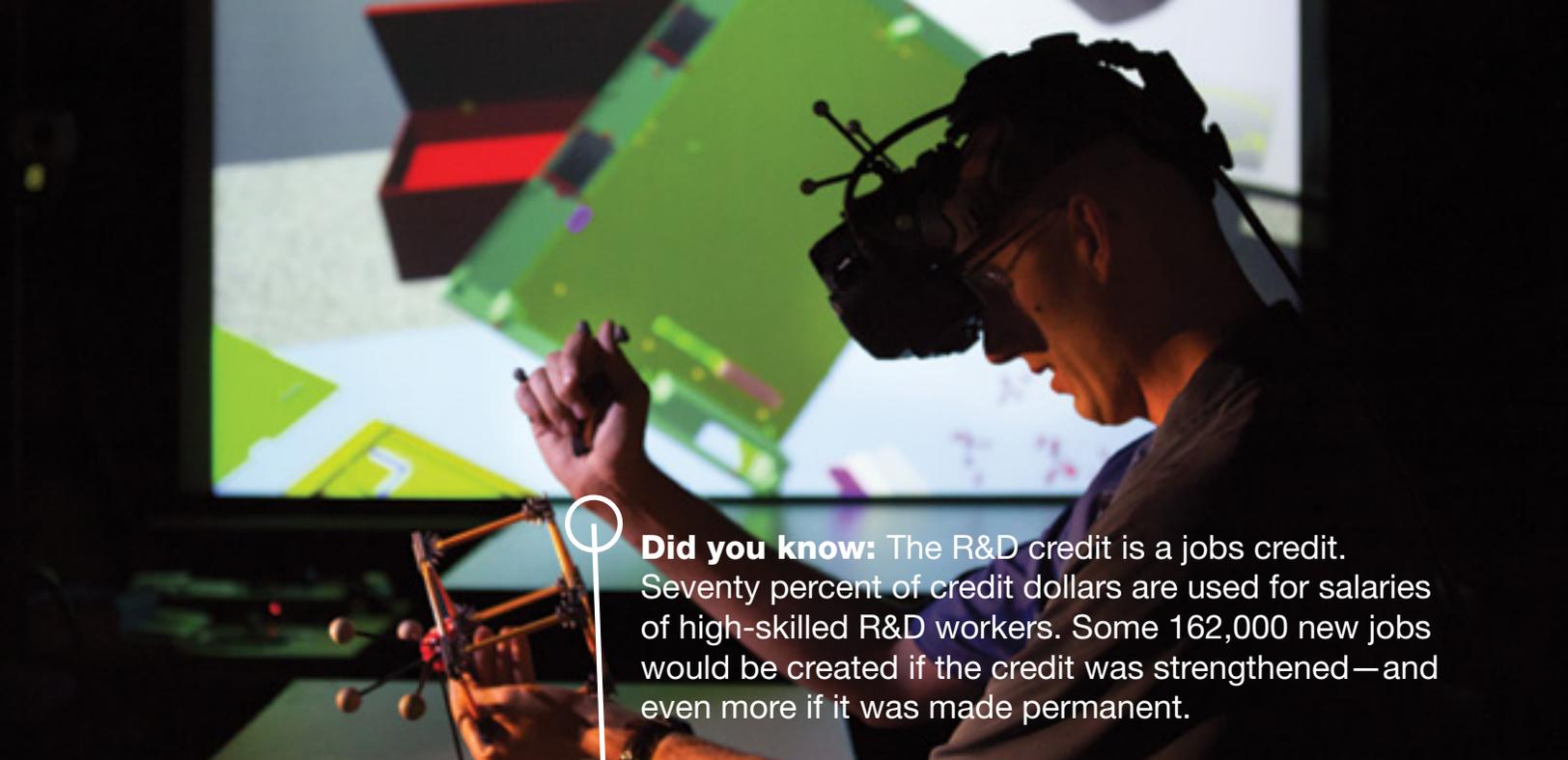
Provide a strong, permanent and competitive R&D incentive. A permanent R&D incentive will allow manufacturers to invest and plan ahead—year-to-year incentives create uncertainty.

Support federal research agencies and public- and private-sector research. A continued focus by the federal government on basic R&D expands the knowledge base, spurring private-sector R&D as well as commercial development.

Recognize IP as the basis of America's innovative economy. The protection of IP rights assures manufacturers that their inventions will be secure as they create jobs and build industries around them.

Develop appropriate general and industry-specific best practices for improved cybersecurity. The federal government should collaborate with the private sector and draw on industry best practices when formulating cybersecurity policy.

Support the growth of a healthy information and communication technology ecosystem. The federal government must promote policies that continue to allow manufacturers to leverage the Internet and other technology tools to grow their business, access global markets and enhance their supply chain without unnecessary regulation.



Did you know: The R&D credit is a jobs credit. Seventy percent of credit dollars are used for salaries of high-skilled R&D workers. Some 162,000 new jobs would be created if the credit was strengthened—and even more if it was made permanent.

ISSUE FOCUS.....

Property Rights

U.S. policy should reflect the vital importance of IP rights for U.S. competitiveness. The protection of IP rights secures manufacturers' ideas and inventions and drives future innovation and directed R&D. By adopting policies that safeguard IP rights, policymakers can create a business climate in which innovators can thrive, creating jobs and building industries around their ideas. A strong IP regime also promotes trade by assuring innovators that their ideas and inventions will be protected. Increase national awareness of the inseparable link between the protection of IP rights and innovation, improved trade performance, sound economic growth and strengthened national security.

- Support a coordinated policy that strengthens the protection of IP rights afforded by both domestic laws and international agreements.
- Strengthen coordination and oversight by the governmental agencies tasked with protecting our nation's IP.

- Ensure that the U.S. Patent and Trademark Office has sufficient resources and staff to process patent and trademark applications efficiently.
- Support policies that continue to eliminate unnecessary costs, complexity and uncertainty in the U.S. patent system.
- Protect the health, safety and welfare of American consumers by recognizing the harmful effect of counterfeit and pirated products on the public and on our economy; combat international counterfeiting and piracy by ensuring robust enforcement of IP rules.
- Educate developing nations about the importance of enforcing IP rules.
- Reduce costs and increase efficiencies in establishing global IP protections in all nations.

Cybersecurity

The maintenance and protection of our nation's cyber-infrastructure is critical to manufacturers, as Internet-based threats can disrupt commerce and communication and pose a threat to our national security. Strengthening cybersecurity requires increased collaboration and coordination between government agencies and the private sector—industry-driven best practices can help guide efforts to formulate broader cybersecurity policy.

- Facilitate information sharing between the private and public sectors without creating an unnecessary regulatory burden.
- Support efforts to secure government networks, increase the penalties for cybercrime and prioritize cybersecurity research using existing government funding.
- Educate elected officials and the public about the high priority manufacturers place on strong cybersecurity measures and the importance of protecting the privacy and security of information.



GOAL #3

The United States will expand access to global markets to enable manufacturers to reach the 95 percent of consumers who live outside our borders.

Growth in manufacturing today increasingly depends on global customers.

The United States must adopt policies that enhance access to new markets and expand existing ones.

Promote a global trade policy that opens international markets, enhances competitiveness and reduces regulatory and tariff barriers. Manufacturers must be able to reach the 95 percent of the world's consumers living outside the United States to grow their businesses and create jobs.

Reduce trading costs, domestic export barriers and unnecessary red tape. Export control modernization in particular could promote substantial new exports and jobs.

Boost exports through improved export promotion programs and export credit assistance for both small and large manufacturers. Trade fairs, marketing assistance and Export-Import Bank initiatives allow manufacturers to reach new markets and customers.

Ensure a level playing field for manufacturers by enforcing trade laws and international agreements. The United States should seek to end trade distortions among our competitors by enforcing our own trade laws and the international commitments our trading partners have made.



ISSUE FOCUS.....

Trade

To thrive in the global economy, manufacturers need trade policies that make the United States a better place from which to export. Manufacturers thrive when they can compete in open markets abroad.

In fact, the United States exports more than \$1 trillion of manufactured products to 236 countries, but this represents just a fraction of this country's export potential. Policymakers' lack of attention to pro-growth trade policies denies manufacturers even more business opportunities. Of dozens of trade pacts being negotiated around the world at the beginning of 2013, the United States was party to just one agreement. With access to new and expanded trade opportunities, manufacturers can grow and create jobs in the United States.

- Negotiate new trade and investment agreements, such as pacts with the European Union and interested countries in Asia, South America and Africa.

- Work with the World Trade Organization to reduce trade barriers to exports of manufactured goods, including through negotiations on trade facilitation and the expansion of the Information Technology Agreement.
- Provide the President with Trade Promotion Authority to negotiate and implement new trade and investment agreements that eliminate barriers and enhance manufacturers' competitiveness.
- Modernize U.S. export control rules, including lifting restrictions that limit the development and export of high-tech products that do not adversely affect national security.
- Modernize and streamline U.S. and international customs and other rules to enhance manufacturers' global competitiveness.
- Ensure manufacturers in the United States have access to competitive export credit financing and effective commercial advocacy from the U.S. government.

Enforcement

Market-distorting and unfair trade practices by non-market and market economy countries adversely affect manufacturers in the United States. The United States should ensure our competitors play by the rules through the vigorous enforcement of international and domestic rules, including trade and investment agreements and domestic trade remedy and IP rules.

- Use and create effective trade tools to defend U.S. innovations overseas, including through the protection and enforcement of all forms of IP rights.
- Address foreign trade subsidies, unfair trade practices and export taxes and restrictions.
- Oppose requirements abroad to use locally developed technologies or inputs or force the transfer of U.S. technologies.
- Ensure full implementation of existing initiatives and develop stronger international rules to enhance free market forces and tackle market-distorting government intervention, including through state-owned or influenced enterprises.



GOAL #4

Manufacturers in the United States will have access to the workforce that the 21st-century economy demands.

World-class manufacturing demands world-class talent. Our workforce must be proficient in science, technology, engineering and mathematics (STEM) and possess the skills that manufacturers seek. To remain competitive, the United States must develop a skilled workforce that includes the best talent from inside and outside our country. To attract and retain workers of all skill levels from abroad, policymakers should enact comprehensive immigration reform and address educational deficits to meet manufacturers' workforce needs.

Address regulations and mandates that undermine employer flexibility and ultimately discourage the hiring of new employees. Manufacturers and their employees rely on fairness and balance in our labor law system.

Develop a more productive workforce and encourage innovation through education reforms and improvements. More than 600,000 manufacturing jobs go unfilled because workers don't have the right skills—this skills gap threatens U.S. competitiveness.

Enact comprehensive immigration reform. Improving our immigration system will strengthen the nation's economic and national security.

Attract the best and brightest to the United States. Attracting and retaining talent will make the United States a more competitive place to manufacture.



ISSUE FOCUS.....

Workforce

Nearly 12 million men and women work in manufacturing in the United States. This workforce can grow significantly if manufacturers can find workers with the skills needed for the modern manufacturing workplace. Today, 600,000 manufacturing jobs are unfilled because of this skills gap.

- Promote the NAM-endorsed system of nationally portable, industry-recognized skills credentials—these national skills certifications will provide employers with the certainty that they are hiring a skilled technical workforce and employees with expanded career opportunities.
- Promote STEM education to equip the 21st-century workforce to create and adapt to new technologies and rapidly changing manufacturing processes.
- Support initiatives to transition our nation's veterans and military personnel into the manufacturing workforce.

Immigration

The immigration system in the United States is broken. Comprehensive reform will strengthen U.S. economic and national security and ensure that manufacturers' workforce needs are met, without displacing American workers.

- Win consensus on immigration reform policy that meets current and future U.S. workforce needs while addressing the legal status of millions of undocumented immigrants in the United States.
- Ensure that manufacturers have access to workers of all skill levels for employment today and in the future.
- Support substantial increases in the number of employer-sponsored visas and streamline and simplify procedures for temporary or non-immigrant visas.
- Improve the green card process for workers seeking to become permanent U.S. residents.
- Support a reliable, accurate and efficient employment eligibility verification system that provides fair enforcement of the laws and does not impose administrative burdens on manufacturers.

Labor

In recent years, the nation's time-tested labor law system has faced significant challenges. The National Labor Relations Board (NLRB), for example, has issued rules and orders that undermine employer flexibility and chill workplace relations. U.S. labor laws should safeguard the rights of employees and employers.

- Roll back actions taken by the NLRB to shorten election timelines, limit employers' ability to make basic decisions or otherwise advance policies that promote adversarial employee–employer relations.
- Oppose efforts to achieve the goals of the Employee Free Choice Act, whether through legislation or agency action.
- Recognize the strides employers have made in improving workplace safety. The Occupational Safety and Health Administration and other agencies should assist in employers' continued efforts to make the workplace safer.
- Oppose efforts by the Department of Labor to limit employers' ability to seek advice and services from legal counsel on labor and employment laws by mandating disclosure of these services or their costs.



NATIONAL ASSOCIATION OF
Manufacturers

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GOAL#1

The United States will be the best place in the world to manufacture and attract foreign direct investment.

GOAL#2

Manufacturers in the United States will be the world's leading innovators.

GOAL#3

The United States will expand access to global markets to enable manufacturers to reach the 95 percent of consumers who live outside our borders.

GOAL#4

Manufacturers in the United States will have access to the workforce that the 21st-century economy demands.

Because of our tax, tort, energy and regulatory policies, it is 20 percent more expensive to do business in the United States than it is in the countries that are our nine largest trading partners—and that excludes the cost of labor.

The United States has the highest corporate tax rate among major industrial countries.

Nearly two-thirds of manufacturers pay income taxes at individual rates. Therefore, any tax increase on individuals is a tax increase on manufacturers.

Direct tort costs total almost 2 percent of U.S. GDP—among the highest levels in the world.

Ninety-five percent of consumers live outside the United States, making it critical for manufacturers to have access to global markets through free trade agreements.

continued





NATIONAL ASSOCIATION OF

Manufacturers

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Of dozens of trade pacts being negotiated around the world at the beginning of 2013, the United States was party to just one agreement.

Through inaction on free trade agreements, we are ceding market share to our competitors.

Manufacturing supports an estimated 17.2 million jobs in the United States—about one in six private-sector jobs. Nearly 12 million Americans (or 9 percent of the workforce) are employed directly in manufacturing.

In 2011, the average manufacturing worker in the United States earned \$77,060 annually, including pay and benefits. The average worker in all industries earned \$60,168.

The R&D credit is a jobs credit. Seventy percent of credit dollars are used for salaries of high-skilled R&D workers. Some 162,000 new jobs would be created if the credit was strengthened—and even more if it was made permanent.

All of these factors and more are hurting American competitiveness. The 20 percent cost disadvantage is caused by policies created in Washington, not in some faraway capital.

Manufacturing in the United States produces \$1.8 trillion of value each year, or 12.2 percent of U.S. GDP. For every \$1.00 spent in manufacturing, another \$1.48 is added to the economy, the highest multiplier effect of any economic sector.

Manufacturers in the United States are the most productive workers in the world, far surpassing the worker productivity of any other major manufacturing economy, leading to higher wages and living standards.

Taken alone, manufacturing in the United States would be the 10th largest economy in the world.

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733 10th Street NW, Suite 700
Washington, DC 20001
Phone: (202) 637-3000
Fax: (202) 637-3182
Website: www.nam.org
E-mail: manufacturing@nam.org