Vision
FOUR GOALS FOR THE FUTURE OF MANUFACTURING AND AMERICAN EXCEPTIONALISM

Manufacturers in the United States are the most productive in the world, far surpassing the worker productivity of any other major manufacturing economy, leading to higher wages and living standards. But one of the largest hurdles facing manufacturers is our own federal government. If it would put the right policies in place, our manufacturing engine would be even stronger.
The National Association of Manufacturers (NAM) is the unified voice of the manufacturing economy in the United States. We are the innovators and entrepreneurs, the builders and producers, the dreamers and leaders of America. We’re dedicated to advancing public policy solutions that spur innovation, bolster job creation and promote economic growth—solutions grounded on four principles that made our country great: free enterprise, competitiveness, individual liberty and equal opportunity.

These principles that give rise to freedom, prosperity and security are anything but novel concepts. They are written into our nation’s founding documents. They are etched into our past. And they are woven throughout our history. For more than two and a quarter centuries, they have inspired untold millions—seemingly ordinary, but all extraordinary—to conceive life-changing ideas, create once unthinkable designs and products and improve the lives of countless people.

Manufacturing has been integral to this story. Empowered by these ideals, manufacturing has fueled America’s rise like no other sector of our economy. And, today, manufacturing has helped lift the United States out of the Great Recession—and ignited a new-generation economy capable of keeping American Exceptionalism alive long into the future.

But the lack of a coherent vision in Washington consistently grounded in free enterprise, competitiveness, individual liberty and equal opportunity threatens what’s possible. Manufacturers—and all Americans—need a vision that advances these principles and thereby empowers manufacturing to do what it has always done for our country: build the economy and make our country stronger than it’s ever been. This is that vision.

To succeed, manufacturers need our elected leaders to choose policies that make this country the best place to invest, the best place to innovate and the best 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.

The four goals laid out in the pages that follow are achievable realities all Americans who want to maintain our country’s economic advantage can rally around. They can bring our country together and put more people to work. And they can ensure the United States always remains the brightest beacon of hope, of optimism and of opportunity in the world.

That’s the manufacturing—our—vision for today and tomorrow.

Jay Timmons
President and CEO
GOAL#1

The United States will be the best place in the world to manufacture and attract foreign direct investment.
The global economy is creating cutthroat competition over where to invest, conduct research, build new facilities and create jobs. But the United States has the ability to expand our country’s already sizable advantages. Manufacturers need policymakers to drive greater prosperity. The United States must create a dynamic environment that supports job creation and economic growth. Yet, policymakers too often choose policies that put manufacturing in America at a disadvantage.

Create a national tax climate that promotes manufacturing in the United States and helps manufacturers compete overseas. A pro-manufacturing tax policy acknowledges that high tax rates and an arcane system leave 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 reliable and affordable energy from a number of sources.

Modernize and invest in infrastructure to help manufacturers in the United States do a better job moving people, products and ideas. So much of the infrastructure in the United States is outdated. It was built for an earlier era but is wearing out or is overextended by modern demands. Upgrades to our roads, bridges, utilities, pipelines, transmission lines, transportation hubs and broadband infrastructure will create jobs, grow the economy, 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, we need smarter regulations that minimize unnecessary burdens. The current regulatory system costs the average manufacturer in the United States almost $20,000 per employee per year. The price tag is even higher for employers with fewer than 50 workers. They pay more than $34,000 per employee per year to comply with regulations. Unnecessary costs reduce investment, harm competitiveness, stifle job creation and impede economic growth.

Implement commonsense, 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” encourages frivolous lawsuits and makes doing business more costly.

Reduce health care costs for both patients and employers. Ninety-seven percent of NAM members provide health care benefits to their employees, and manufacturers want to be able to continue to offer high-quality benefits. Yet, rising health care costs siphon resources away from investing in new technologies and facilities and creating new jobs. Effective health care reform must reduce costs, expand options and help employers and employees make informed decisions.

Manufacturing supports an estimated 17.6 million jobs in the United States—about one in six private-sector jobs. More than 12 million Americans (or 9 percent of the workforce) are employed directly in manufacturing.
Manufacturers in the United States face a significant disadvantage in the global competition for investment and jobs. The U.S. business tax system has become increasingly out of sync with tax policies in virtually all other developed countries.

To improve our competitiveness, the United States must overhaul its tax system. The United States now has the highest federal corporate income tax rate among the OECD [Organisation for Economic Co-operation and Development] nations. Add in state and local taxes, and those rates climb even higher. 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 critical as well because nearly two-thirds of manufacturers are organized as “flow-throughs” and pay taxes at individual rates. Any tax reform effort must ensure the ability of these companies to invest in their business and create and retain jobs. Furthermore, an NAM study shows pro-growth tax policy could generate upward of $12.0 trillion in GDP, $3.3 trillion in investment and 6.5 million jobs over 10 years. • 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 25 percent or lower to make the United States competitive with our major trading partners, implement parallel changes for “pass-through” entities and recognize the significant reductions made by other competitor nations.
• Adopt a modern, competitive international tax system. None of our competitors impose as great a tax burden on foreign earnings brought to the United States to be invested. A territorial system like those used in other developed countries will allow U.S.-based companies to be more competitive.
• 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.

Manufacturers recognize that regulations are necessary to protect people’s health and safety. In recent years, however, the scope and complexity of rules have made it harder to do business and compete in our ever-changing global economy. Manufacturers believe the regulatory system can be improved in a way that protects health and safety without compromising economic growth.

• Enact comprehensive regulatory reform to ensure that regulations are consistent, transparent, balanced and fair; to fundamentally change the regulatory process with the goal of improving the quality of rules issued; and to favor markets and adhere to sound principles of science, risk assessment and cost-benefit analysis.
• Fully enforce existing laws and executive orders aimed at keeping federal regulating agencies from overstepping their legal boundaries.
• Eliminate inefficient, unnecessary and complex regulations that place undue costs on manufacturers and the public.
Energy

Reliable and affordable energy is a significant competitive advantage for manufacturing in the United States. In fact, because of abundant domestic supplies, the United States enjoys lower energy costs than our major trading partners. The United States can widen this gap and enhance our energy security.

- Embrace every energy resource available, including 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.
- Some proposals from the Environmental Protection Agency, such as greenhouse gas and ozone, would do more harm than good. They are unachievable, have unaffordable compliance costs or would otherwise damage manufacturers’ ability to create jobs and compete globally. Those proposals should be improved and, when necessary, shelved.
- Strengthen our energy infrastructure to deliver this new energy, with steps such as approving construction of new domestic and cross-border pipelines and new transmission lines and expanding energy-related transportation infrastructure.
- Standardize and streamline regulations, policies and permitting to provide access to traditional energy resources, electricity generation and the expansion of renewable and alternative energy.

- Take advantage of new opportunities to tap energy resources, such as developing unconventional oil and natural gas formations across North America and opening more federal land to energy exploration.
- 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.

Policymakers have a choice: whether our nation is to be yesterday’s story or tomorrow’s. A modern infrastructure will secure a proud and prosperous future.

Infrastructure

Manufacturers rely on infrastructure to move people, products and ideas and to stay competitive. But today’s infrastructure in the United States is out of date. It was built to last in previous generations, but didn’t anticipate today’s economic needs. Policymakers have a choice: whether our nation is to be yesterday’s story or tomorrow’s. A modern infrastructure will secure a proud and prosperous future.

- Return to a fully funded, multiyear surface transportation reauthorization that offers certainty and supports infrastructure projects that improve safety, facilitate trade and create jobs. An NAM study shows that consistent and increased investment infrastructure could pay big dividends: by 2030, the economy would benefit over time from a $3 return for every dollar invested. And there would be an initial boost of 1.3 million new jobs and increased take-home pay for all Americans.
- Champion new and innovative approaches to fund, finance and deliver infrastructure, including private investment, environmental permit streamlining and flexibility for states as part of a comprehensive and long-term strategy that includes highways, bridges, rail, transit, airports, seaports, inland waterways, water and wastewater systems and liquefied natural gas (LNG) and coal export terminals.
- Encourage private-sector investment in the development of high-speed communications and broadband infrastructure.
Innovation boosted 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. So while innovation can’t be mandated, it can be nourished by good policies. The United States must adopt policies that will attract and retain innovation activities and promote and protect manufacturers’ intellectual property (IP).

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

**Recognize IP as a central component 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 or outdated regulations.

Manufacturers in the United States will be the world’s leading innovators.
Property Rights

U.S. policy should reflect the vital importance of IP rights for U.S. competitiveness. The protection of IP rights allows manufacturers to profit from their ideas and inventions and drives future innovation, directed R&D, improved exports and strengthened national security. 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 at home and overseas.

- 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 and intelligently.
- 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.

Cybersecurity

The maintenance and protection of our nation’s cyber infrastructure is critical to manufacturers, particularly 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 while ensuring liability protections for manufacturers.
- Increase the penalties for cyber crime and prioritize cybersecurity research using existing government funding.

Manufacturing Fact

The R&D credit is a jobs credit. Seventy percent of credit dollars are used for salaries of high-skilled R&D workers. A strengthened, permanent R&D incentive would create between 36,000 and 38,300 jobs per year.
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 increase 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 who live outside the United States.

Reduce trading costs, international export barriers and unnecessary red tape at home. The government should make it easier to export all manufactured goods, from consumer and industrial goods to energy generation and other products. That would promote substantial new exports and jobs.

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.
Trade

To thrive in the global economy, manufacturers need trade policies that make the United States a better place from which to export, to participate in the global economy and to ensure the government plays by the rules.

The United States now exports more than $1 trillion of manufactured products to 233 countries, but this represents just a fraction of this country’s export potential. Manufacturers are losing ground and increasingly being shut out in overseas markets as our competitors around the world are benefiting from preferential agreements negotiated by their governments that exclude U.S.-manufactured goods. Most of the dozens of trade agreements under negotiation don’t include the United States. With access to new and expanded trade opportunities, manufacturers can grow and create jobs in the United States.

- Provide the President with Trade Promotion Authority to negotiate and implement new trade and investment agreements that eliminate barriers and enhance manufacturers’ competitiveness.
- Complete strong, market-opening agreements with the Asia-Pacific and Europe, where talks are underway, and negotiate new pacts with interested countries in Asia, South America and Africa.
- Work with the World Trade Organization to reduce trade barriers to exports of manufactured goods. That includes fully implementing the recently concluded Trade Facilitation Agreement (TFA) and expanding the Information Technology Agreement and Environmental Goods Agreement.
- Modernize U.S. export control rules, including making it easier to develop and export 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, including through the TFA.
- Ensure manufacturers in the United States have access to competitive and long-term export credit financing, including the reauthorization of the Export-Import Bank, and effective commercial advocacy from the U.S. government.

Enforcement

Manufacturers in the United States are at a disadvantage when they must go up against products made in countries that don’t respect international trade policies. The United States should ensure our competitors play by the rules. That means vigorously enforcing international and domestic policies, including trade and investment agreements and domestic trade remedy and IP rules.

- Address foreign trade subsidies, unfair trade practices and export taxes and restrictions to protect manufacturers’ interests.
- Oppose requirements by other countries that their manufacturers use locally developed technologies or inputs or that force manufacturers to turn over proprietary technologies.
- Ensure full implementation of existing trade agreements and develop stronger international rules to enhance free market forces and tackle market-distorting government intervention, including through state-owned or -influenced enterprises.
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 grow its skilled workforce and retain and attract the best talent from inside and outside our country. To build that workforce, policymakers should enact comprehensive immigration reform and address educational deficits so students can fill 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. Dramatic changes in labor policy are disruptive, particularly to employer and employee relations, and stifle job creation.

Develop a more productive workforce and encourage innovation through education reforms and improvements, including industry-based skills certifications. Unless we act, by 2025, up to 2 million manufacturing jobs could go unfilled because workers will not have the right skills. The skills gap threatens U.S. competitiveness.

Enact comprehensive immigration reform. The current system makes it too easy for unskilled immigrants to enter the United States and too difficult for skilled immigrants to come. Policymakers should change that.

Attract the best and brightest to the United States. Attracting and retaining talent will make the United States a more competitive place to manufacture, empower us to out-innovate our competitors in the global marketplace and increase our already world-leading productivity.
**ISSUE FOCUS**

**Workforce**

More than 12 million men and women manufacture things in the United States. This workforce can grow significantly if manufacturers can find workers with the skills needed for the modern manufacturing workplace.

- 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 and adapt to new technologies and rapidly changing manufacturing processes.
- Support initiatives to transition our nation’s veterans and military personnel into, and encourage young people and more women to join, 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 provides for the current and future U.S. workforce needs while addressing the legal status of millions of undocumented immigrants in the United States and securing our borders.
- 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 nonimmigrant 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 labor law system has inhibited rather than enhanced workplace policies that fuel economic growth and increase job creation. 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.

- Oppose efforts to achieve the goals of the misnamed and misguided Employee Free Choice Act, whether through legislation or agency action.
  - Roll back anticompetitive actions taken by the NLRB, especially those that have led to swift labor elections that don’t truly reflect the wishes of employees and limit the ability of employers to make basic decisions. Also, the NLRB shouldn’t be promoting policies that lead to adversarial employee–employer relations.
  - 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.
- 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.
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