

N A M M E M B E R FOCUS

OCTOBER 2009

Leadership. Influence. Involvement. We are the millions of people who make things in America.

“I encourage all of you to engage your employees. Explain, educate and encourage.”

—Michael Campbell,
NAM Chairman

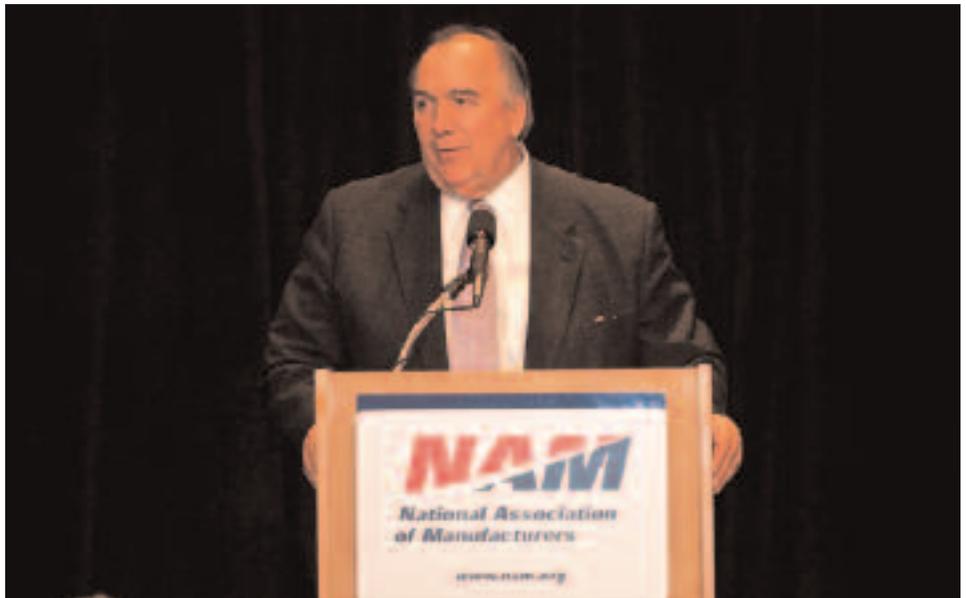


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NAM President John Engler addresses more than 250 NAM members gathered for the fall Board of Directors meeting in Washington, D.C., October 7-8.

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NAM Board of Directors Engages With Key Policymakers

In the face of gloomy reminders of the uncertain economy and legislative proposals that could hinder manufacturing growth—which holds the best shot at leading the country toward a lasting recovery—the National Association of Manufacturers (NAM) Board of Directors came to its fall meeting with a sense of purpose.

More than 250 NAM members attended the two-day meeting at the J.W. Marriott Hotel in Washington, D.C. and engaged with lawmakers, economists and members of President Obama's Administration.

NAM Board Chairman Michael Campbell said the activism and unity on display reflected the NAM's ability to achieve tremendous influence on Capitol Hill. He asked NAM members

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Manufacturing Recovery Needs A Framework for Growth

We've lost 2.1 million manufacturing jobs and watched industrial production plummet 16.7 percent since December 2007. The economic crisis has dealt a painful blow to manufacturers. In the National Association of Manufacturers' (NAM) recent economic report, we document the harsh conditions that have plagued the U.S. and global economies but we also look ahead to identify reasons Americans should expect a gradual recovery in 2010 and beyond.

More than 40 percent of manufacturing jobs lost during the recession could return. The report estimates a return of 913,000 manufacturing jobs by 2014, bringing total manufacturing employment back up to 12.7 million.

But as signs of recovery begin to emerge, we must approach them with equal measures of optimism and caution. As Congress works on legislation that could have staggering implications for the fragile recovery, a comeback could stall or go into reverse. Lawmakers could enact harmful policies that increase the cost of doing business in the United States and threaten our global competitiveness.

Proposals to enact long-term climate change policy, for example, must promote global participation, domestic production and investment in nuclear energy and other low-carbon technologies. Both the Waxman-Markey legislation and the Environmental Protection Agency's proposal to regulate carbon emissions as a pollutant would hinder competitiveness and cost jobs.

When I attended the National Energy Summit in September, I met manufacturers who are enthusiastic about addressing our nation's energy



challenges—and frustrated that the manufacturing sector rarely gets credit for energy savings through conservation and efficiency.

We must call on Congress and the Administration to reject policies that would hinder the nation's progress toward recovery. We need a growth strategy based on infrastructure investment, energy efficiency, nuclear power and increased exports—a strategy that promotes long-term economic growth and job creation. Manufacturers need to put people back to work.

Visit www.nam.org/labordayreport09 to read the NAM's economic report, *The Turning Tide: Prospects for a Manufacturing Recovery*.

John Engler is the president of the NAM.

► **NAM Board**, *continued from page 1*

to spread that grassroots spirit in their workplaces and share details of major policy proposals that could affect their workers.

In a session with Dr. Michael Greenstone, a member of President Obama's Council of Economic Advisers, representatives of Small and Medium Manufacturers (SMM) expressed their concern about Congress overreaching with labor, health care, climate change and other legislation, putting their industries in great economic peril for years to come.

"Our members are agitated. They're angry about this breathtaking 'stateist' agenda," said Dyke Messinger, SMM chairman.

On the final day of the meeting, the full board had the opportunity to take part in a conversation with Treasury Secretary Timothy Geithner. He told business representatives in the packed ballroom that positive signs were appearing in the near-term economic outlook, even as major challenges remained ahead.

NAM President John Engler reiterated to Secretary Geithner that the NAM has strongly supported a growth agenda and asked him to communicate to President Obama the need for a strong foundation for job creation and sustained growth.

The NAM Board also heard from Senator John Thune (R-SD), Representatives James Oberstar (D-MN) and Paul Ryan (R-WI), Health and Human Services Secretary Kathleen Sebelius, Senior Counselor for Manufacturing Policy Ron Bloom and U.S. Trade Representative Ron Kirk.

Engler concluded the meeting by reiterating manufacturers' willingness to work with the Administration on a sustained plan for growth. ■

NAM Raises Concerns About Senate Finance Health Care Bill

After nine months of negotiating proposals and writing health care reform legislation, discussion of key details has replaced broad rhetoric. Senate Finance Committee Chairman Max Baucus (D-MT) unveiled his much-awaited bill and convened the

Committee on September 22 to begin working through more than 500 amendments. On October 13, the Finance Committee voted 14-9 to approve the measure. Senator Olympia Snowe (R-ME) was the only Republican who voted for the bill.

The Finance bill includes some provisions supported by the National Association of Manufacturers (NAM), including flexibility for self-insured plans, a focus on improving employer incentives for wellness and the absence of a government-run public option.

However, the NAM has significant concerns that the excise tax imposed on insurance plans represents a major burden for manufacturers, especially those with older workforces and smaller self-insured plans. The bill also fails to address the costly issue of “defensive medicine” through tort reform.

Furthermore, the Finance Committee’s imposition of industry-specific fees, on medical device manufacturers for example, singles out businesses solely to raise revenues—costs that ultimately will be passed onto consumers. The NAM is also concerned about the proposed tax on employer-provided prescription benefits, limits on Flexible Spending Accounts (FSAs) and new requirements on corporate information reporting.

The bill would add substantial costs to manufacturers in the United States, making it more difficult to provide benefits to employees.



Health and Human Services Secretary Kathleen Sebelius outlines the Administration’s latest priorities for reforming health care at the NAM Board of Directors meeting in Washington.

The Finance bill now must be merged with the Senate Health, Education, Labor and Pensions (HELP) Committee bill. The House, meanwhile, has passed its health care bill through its three Committees of jurisdiction. A final conference between the House and Senate is expected in late October. The NAM will continue working with senators to improve the bill and achieve real health care reform that drives down manufacturers’ costs and improves access. ■

New Version of EFCA Is No Improvement For Manufacturers

In late September, Senator Tom Harkin (D-IA), chairman of the Senate Health, Education, Labor and Pensions (HELP) Committee, announced that he is pushing to bring a new version of the misnamed Employee Free Choice Act (EFCA) for a vote this year. Organized labor groups frustrated with the lack of progress to enact their highest legislative priority item are backing the effort to develop a modified version in an effort to secure the 60 votes needed to avoid a filibuster.

In response, the National Association of Manufacturers (NAM) sent a letter to Senator Harkin to reiterate the legislation’s troubling consequences for manufacturers. Harkin’s staff informed the NAM that while legislative text is not yet available, the negotiations to develop a modified version are based on the same principles as the current legislation.

One of the Senators working with Harkin to develop this new version of the EFCA, Senator Arlen Specter (D-PA), has stated that the framework of the new bill had been “pounded out”. This proposed modified version will likely not include the current bill’s “card check” provision, which would have effectively eliminated secret ballots for union elections. Card check would be replaced with language that is equally onerous and would allow “ambush elections” and change the level of access that paid union organizers have with employees. It also would replace mandatory arbitration called for in earlier versions with “last best offer” arbitration. Under this system, a first labor contract could still be decided by a government arbitrator and would be binding for a period of time.

The NAM continues to communicate to Congress and the Administration that the EFCA legislation, *in any form*, threatens to prolong the current recession and devastate the manufacturing sector.

NAM Urges Congress—Not EPA—To Set Climate Policy

As health care reform threatens to push the contentious climate change debate to next year, the Environmental Protection Agency (EPA) is continuing to move to regulate carbon dioxide emissions as a pollutant through the Clean Air Act.



The House of Representatives narrowly passed a climate change bill in June that would mandate a cap-and-trade program that governs fuel choices for businesses and consumers.

Senators Barbara Boxer (D-CA) and John Kerry (D-MA) introduced their climate bill on September 30. The Kerry-Boxer bill lacks detail but includes more ambitious emissions reductions targets than the House bill and preserves EPA's ability to regulate greenhouse gas emissions unilaterally.

Senate Democratic Leader Harry Reid (D-NV) has indicated that Congress isn't likely to act on a final version of the legislation until 2010, but the Senate will continue to work to craft a final product.

The delay has renewed the focus on an EPA plan to regulate greenhouse gas emissions, a wide-ranging proposal that met with strong opposition from the National Association of Manufacturers (NAM). The EPA could make a final decision on the proposed endangerment finding soon.

Meanwhile, on September 22, the EPA finalized a long-awaited rule requiring approximately 10,000 stationary sources of greenhouse gases—such as manufacturing facilities, power plants and oil refineries—to collect data on their greenhouse gas emissions starting next year and to report those numbers in 2011.

The Clean Air Act, however, clearly establishes threshold amounts for emissions output, and the EPA's authority to exempt small manufacturers and businesses from permits mandated by the Clean Air Act is unclear at best. The EPA may not have the authority to change threshold amounts through regulatory fiat. Congress is the appropriate authority for amending the Act.

"The NAM believes the move is a 'slippery slope' that could lead to costly economy-wide regulation of stationary sources including small factories, hospitals and farms and would discourage investment in the United States and hinder job creation," said Keith McCoy, NAM Vice President for Energy and Resources Policy. ■

New Study Recommends "Quantum Leap" in People Management Practices

A new study from The Manufacturing Institute (MI), Deloitte Consulting LLP and Oracle Corporation highlights the talent shortages manufacturers are facing and offers strategies to address them. *People & Profitability – A Time for Change* indicates that manufacturers need to embrace new and progressive people management and workforce skills strategies to maintain profitability and stay competitive in the future.

According to the new study, the majority of manufacturers equate careful talent management with business success. However, the report found that many companies still rely on traditional approaches and old tactics when managing and developing their employees, and progressive tactics have failed to gain traction.

In the Midwest, 26 percent of manufacturers surveyed reported moderate to severe talent shortages. In the South, 50 percent of companies reported such shortages.

Recently, the National Association of Manufacturers (NAM) endorsed a new Manufacturing Skills Certification System, and innovative, powerful technology tools are available to facilitate the sourcing, development, engagement and deployment of talent.

"American manufacturers must differentiate themselves through innovation and a highly skilled workforce," said MI President Emily DeRocco. "Companies need to invest more in employee training and make workforce skills a top strategic priority."

Manufacturers rated six people management practices as most important to their future business success, including placing emphasis on core values and corporate culture and measuring and rewarding strong performance at all employee levels. To download the full survey findings, please visit deloitte.com/us/peoplemanagementpractices.

NAM Presents Sandy Trowbridge Award



NAM President John Engler with Mike Erwin and Steve Miller of Tailored Label Products in Menomonee Fall, Wis.

At the National Association of Manufacturers (NAM) Board of Directors dinner and reception on Oct. 7, 2009, the Sandy Trowbridge Award for Excellence in Community Service was presented to Tailored Label Products, Inc. of Menomonee Falls, Wis.

Each year, the NAM recognizes a member company that has shown exemplary leadership in serving its community, state or nation and is an example of the giving spirit of our nation's manufacturers and businesses. The award is named for the late Sandy Trowbridge, former secretary of Commerce who served as president of the NAM from 1979 to 1989. Trowbridge was known for his decisiveness and leadership on behalf of manufacturing and for his commitment to community service.

NAM Hosts U.S.-China Dialogue on High Tech Trade

On September 29, the National Association of Manufacturers (NAM) partnered with the U.S. Department of Commerce and the Chinese Ministry of Commerce to host a Public-Private Sector Dialogue as part of the U.S.-China High Technology Working Group. The meeting joined 160 high tech companies engaged in international trade and impacted by export controls with representatives from the two governments. The conference ended with industry providing a list of recommendations for the governments to consider during the government-to-government meeting that occurred the day after the private-public dialogue.

NAM Reception Welcomes Congress Back To Washington

On September 9, 2009, the National Association of Manufacturers (NAM) hosted its 4th Annual Welcome Back to Congress Reception at the Newseum in Washington, D.C. Each fall, the reception is attended by dozens of members of Congress and hundreds of NAM members who have the opportunity to discuss what lies ahead for manufacturers.



Dan Steen, National Public Affairs Steering Committee Chair and Owens-Illinois Vice President of Government Affairs; Bill Carteaux, President and CEO of Society of the Plastics Industry, Inc. (SPI); and John Kurrle, Vice President of Government Affairs and Public Policy at SPI



NAM President John Engler and Representative Mary Fallin (R-OK)



Don Deline, Special Assistant to the General Counsel at Halliburton, and Majority Whip James Clyburn (D-SC)

Upcoming | Events

NAM CONGRESSIONAL DIALOGUE WITH REP. MARTIN HEINRICH (D-NM)

November 13, 2009
Albuquerque, NM
Tara Smith
(202) 637-3014
tsmith@nam.org

NAM PUBLIC AFFAIRS CONFERENCE

March 21–23, 2010
Amelia Island, FL
Colleen Vivori
(202) 637-3114
cvivori@nam.org

NAM MANUFACTURING SUMMIT

April 14–15, 2010
Washington, D.C.
Tara Smith
(202) 637-3014
tsmith@nam.org

Join the NAM's Labor Policy Institute



The National Association of Manufacturers (NAM) created the Labor Policy Institute (LPI) to ensure a unified, strong voice in the fight against unfair, anti-democratic labor policy that jeopardizes America's competitiveness and job creation.

The LPI is mobilizing NAM member companies to educate policymakers on labor policy that would devastate the manufacturing economy.

Labor unions have geared up to aggressively advance their agenda. They have amassed a multi-million-dollar war chest with a primary goal of enacting the Employee Free Choice Act (EFCA) this year. Through our grassroots, grassstops and coalition efforts, we are making progress on a number of fronts. But there is much more work to be done.

We need your help to defeat bad labor policy. Make a difference and join LPI today by logging on to www.namlaborpolicyinstitute.org.

NAM Manufacturing Summit

Mark Your Calendar for the Second Annual

NAM Manufacturing Summit

April 14-15, 2010

Hyatt Regency Hotel

**400 New Jersey Avenue, NW
Washington, DC**

Earlier this year, more than 300 manufacturers from across the United States gathered in Washington for the first National Association of Manufacturers (NAM) *Manufacturing Summit*. NAM members visited over 130 Congressional offices to emphasize the need for policies that will spur vigorous economic growth and improve our country's competitiveness.

The event was a great success, but the stakes will be even higher in 2010. Please join the NAM for the second annual *Manufacturing Summit* and share your voice. Legislators need to understand the critical role of manufacturing in our nation's economic security.

Mark your calendar for the *Manufacturing Summit* in Washington, D.C., April 14-15, 2010. For more information, please contact Tara Smith, the NAM's Director of Public Affairs, at (202) 637-3014 or tsmith@nam.org.

Progress on Agenda

KEY FOREIGN INVESTMENT POLICIES UNDER REVIEW

For more than 30 years, Republican and Democratic Administrations have pushed to negotiate and enforce strong bilateral investment treaties (BITs) or other vehicles to provide legal protections for U.S. investors overseas, especially in key developing countries. Under pressure from groups opposed to foreign investment by U.S. firms, the Obama Administration has launched a foreign investment review, led by the State Department and the Office of the U.S. Trade Representative, to consider whether to freeze or scale back these policies. The National Association of Manufacturers (NAM) is strongly advocating a strengthened and reinvigorated BIT program focusing on emerging markets such as China, India and Vietnam.

OTC DERIVATIVES POLICY INCREASES RISK FOR MANUFACTURERS

In response to a House Agriculture Committee hearing on the Treasury Department's proposal to regulate over-

the-counter (OTC) derivatives markets, the National Association of Manufacturers (NAM) commended the Administration's efforts to improve transparency, accountability and stability in the derivatives market but raised concerns about the regulatory framework it proposed. In a letter sent to Congress on October 2, the NAM expressed concern that some of the Administration's proposals would significantly increase costs for companies and force them to shoulder greater risks in an already volatile environment. The NAM supports continued access to OTC derivatives, providing companies greater financial certainty and allowing them to allocate resources to core business activities. Manufacturers of all sizes use customized OTC derivatives to manage the risks of operating their businesses, including fluctuating currency exchange and commodity prices.

HOUSE EXTENDS SURFACE TRANSPORTATION FUNDING

Before federal highway programs expired on September 30, Congress

approved—and President Obama signed into law—a one-month continuing resolution to extend funding for all government programs—including federal highway and transit programs—through October 31. This gives policymakers less than one month to settle their differences regarding a timeframe for an extension of federal highway and transit funding until a multi-year transportation act can be passed by Congress. The Obama Administration and the Senate want an 18-month extension, but the House, at the urging of Transportation and Infrastructure Committee Chair James Oberstar (D-MN), approved a three-month extension to keep pressure on Congress to complete action quickly on a six-year authorization bill. The National Association of Manufacturers (NAM) opposes an 18-month extension and supports efforts to pass a sensible long-term authorization bill as soon as possible to meet the economic and competitive needs of the country. ■



2009 Competitiveness Redbook Available Now!

Order your copy of this comprehensive, must-have business publication to determine how your state ranks in specific key areas. The *2009 Competitiveness Redbook—National Edition* is newly updated with economic indicators ranking each of the 50 states to help your company assess your business competition this year. The *Redbook* provides a concise snapshot of the structural costs facing U.S. manufacturers at the state level in key areas such as wages and output of workers in manufacturing, union membership and educational statistics.

The data included in the *2009 Competitiveness Redbook* are essential for economic development professionals and those instrumental in forming public policy. Purchase your copy for only \$10.00 (NAM member price) or \$15.00 (non-member price). Call (1-800) 637-3005 or order online at www.nambooks.com.



Has your company recently been honored by a business group, civic group, or an elected official? Please email [Clare James Johnson at cjohnson@nam.org](mailto:cjohnson@nam.org) to share your achievement with other NAM members.

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Citing his dissatisfaction with the company's customer service, Dalton Chiscolm sued Bank of America in August for "1,784 billion, trillion dollars," according to Reuters. A billion trillion, which is larger than a sextillion, could be written as a 1 followed by 22 zeros. The World Bank estimates the GDP of the entire world in 2008 was \$60 trillion, so even if Chiscolm wins his suit it might be a little difficult to collect.

"These are the kind of numbers you deal with only on a cosmic scale," said Sylvain Cappell, professor at New York University's Courant Institute for

Mathematical Sciences. "If [Chiscolm] thinks Bank of America has branches on every planet in the cosmos, then it might start to make some sense."

In a ruling issued in late September, U.S. District Judge Denny Chin called Chiscolm's claim "incomprehensible." "He seems to be complaining that he placed a series of calls to the bank in New York and received inconsistent information," Chin said.

Chiscolm now has a month to come up with a better explanation of the basis for his claims or the suit will be dismissed.

Follow the NAM online!



NAM Member Focus

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