

Jay Timmons' Remarks at the Global Leadership Conference (White Sulphur Springs, WV)

Good morning. Thank you for that warm welcome.

It's great to be here in West Virginia and to get out of Washington and be with people who actually know how to create solutions. On that note, any of you want to run for office?

I want to thank SAE Detroit Section and GLC Chairman Lyle Otremba for the invitation...and for bringing together, year after year, the highest caliber of business leaders...to dialogue, to learn and to share your hopes for our country's future.

We have many members of the National Association of Manufacturers in the audience today—too many to name. But I thank you for your continued leadership.

If you're not an NAM member, I'd encourage you to talk to Jeff Pierce, our senior vice president of strategic development, or representatives from our member companies about how and why you need to join our manufacturing army.

America's future and the future of manufacturing go hand-in-hand. You know that. But I remind you for an important reason: We all have a shared duty to tell and retell that story.

Without manufacturing, the story of this great country wouldn't be possible.

I'm proud to go to work every day leading the NAM. We are the unified voice that advocates for the promise of manufacturing in America, and I'm proud to be associated with innovators and problem solvers.

Manufacturers lead by example—and we succeed because we live every day the values that also happen to be the foundational principles of the country we love.

The first of these is free enterprise: market forces that drive innovation and growth better than any system ever conceived.

The second is competitiveness: our ability to expand markets and succeed in the global economy.

The third is individual liberty: the creativity and entrepreneurship unleashed by protecting, defending and advancing the basic freedoms enshrined in our Constitution and Bill of Rights.

And the fourth, equal opportunity: our shared belief that every one of us, if given the chance, has the potential to contribute to the success of our companies, our communities and our country.

These values unite all of us, even at a time when our country seems more divided than ever. And they can help strengthen manufacturing in the United States for generations.

Now, just how crucial is manufacturing to America?

Look at the direct economic impact. Every year, manufacturing contributes more than \$2 trillion to the economy—one of every eight dollars.

If U.S. manufacturing were its own country, it would be the ninth-largest economy in the world.

Manufacturing also has the biggest multiplier effect of any industry. A single manufacturing job can lead to the creation of three to five more jobs in other industries. Every dollar spent on manufacturing means another \$1.37 added to the economy.

You can see why manufacturers have a disproportionate responsibility to keep our economy humming. If we want to grow the economy, support for pro-growth manufacturing policies will yield the highest return on investment. And today's manufacturing doesn't always look like yesterday's. Consider some of our members' work.

From 3M's strides in the food safety field to reduce pathogen outbreaks...

...to Amgen or Bayer's research and production of cancer-fighting and life-improving medicines.

From Boeing's unmanned airborne vehicles that provide surveillance, disaster relief and search and rescue...to Lockheed's defense equipment...keeping our men and women safe as they defend our freedom.

We're talking about everything from a small firm in Hershey, Pennsylvania, that turns recycled materials into sustainable packing...

...to the vast new world of the Internet of Things, where everyday objects are now digitally interconnected by the web.

First it was our phones. Then it was our thermostats, our watches, our cars. Soon it will be everything from our contact lenses to our entire homes...from autonomous automobiles to transcontinental pipelines.

Thanks to Honeywell, for example, you can control your home security and energy management with the touch of a button from around the world.

Meanwhile, Caterpillar can use digital analytics to know when machinery may be malfunctioning and proactively initiate maintenance.

That's the Internet of Things...and that's modern manufacturing.

By some estimates, 26 billion objects will be linked together by the Internet by the year 2020. Manufacturing is truly changing everything...and all these things are changing manufacturing and America.

So this is a chance for our industry and our country to lead the world. But we do face challenges. We face global economic volatility. We've all felt it, especially in recent weeks and months. Yet, for the most part, there is only so much we can do about that volatility.

Which makes it all the more frustrating that in addition to this challenge, we also face headwinds and stumbling blocks that are completely avoidable—all because our leaders in Washington act against the interests of our working families and manufacturers.

Start with regulations. Nothing is more important than the health and safety of our workers and consumers. We all want clean air, clean water, safe and secure food supplies. But regulations need to be smart, fair and transparent. We need better regulations that aren't controlled by special interest groups.

Today's inefficient system costs small manufacturers nearly \$35,000 per employee per year. Let me repeat that...\$35,000 per employee per year. And every dollar that goes to compliance is one that doesn't go into a worker's paycheck—and comes out of a consumer's pocket.

We have to streamline and simplify the system. Because every regulation, well-intended or not, increases the cost of doing business.

The NAM represents more than 14,000 manufacturers, from multinational corporations to family businesses along Main Street. Those family businesses ask me all the time: How can we make the government understand that its regulations hurt us more than anyone?

For example, when you look at what's happening with ozone regulations and greenhouse gas rules, it's clear the Environmental Protection Agency isn't just in the business of environmental protection; it's involved in full-scale economic regulation.

That's certainly true of the latest ozone regulation, which came down last Friday. The administration tightened the ground-level ozone standard from 75 parts per billion to 70. The compliance costs alone will mean lost job opportunities and delayed expansion. Never mind that the current standard was working—and that manufacturers, America's innovators, have worked hard to reduce emissions successfully.

There was some good news here. After our vocal advocacy, we avoided the worst-case scenario, which was a standard as low as 65 ppb. But this is still a reminder of the damage that the EPA can do.

Right now, we have the chance to make the United States energy secure and North America energy independent. But if the EPA keeps getting in the way, that's not going to happen. We'll create fewer jobs and face higher utility bills.

Again, we need to tell our side of the story. Manufacturers are leading the way on recycling and reducing waste. Manufacturing and other industrials' carbon emissions are down 13 percent since 2005, while manufacturers' value added to the economy grew by 19 percent over the same time period. That's astounding progress...and a tribute to many of you. We've produced more growth with less energy.

We're the ones building more efficient power plants, factories, cars and appliances. On the environment, we are doing our part—and will continue to do so.

Then, of course, there are taxes. America leads the world with the highest corporate tax rate among developed countries. That's not a distinction to brag about. It's a problem to fix.

And so is our trade policy. We're glad we achieved Trade Promotion Authority. Yet, that huge battle was just over the framework to negotiate new market-opening agreements. Now we are working very closely on trade deals with the Asia-Pacific region and Europe, and we hope those final agreements will eliminate international regulatory divergences that increase costs and undermine our competitiveness.

The Trans-Pacific Partnership talks just concluded earlier this week. We're now waiting to hear all the details, including tariff and nontariff issues that affect manufacturers around the country and those of you in this room. We have pushed very hard for an agreement that will open markets, tear down barriers and set rules that level the playing field for our manufacturers. It is a big and complex agreement, so we will be taking a very detailed look.

And here at home, too many of our ports, roadways and runways are getting worse by the year and are in desperate need of repair. We have roads and bridges built for a bygone era.

The government must invest in improving our aging infrastructure. Congress has to pass a well-funded, multiyear surface infrastructure bill. Enough with these short-term fixes. Stop-gap measures aren't good for anyone. Now is the time for a long-term highway bill. If you haven't spoken up, I encourage you to do so.

But tomorrow's destiny is not only about cement, steel and asphalt. It's about strengthening, innovating and protecting connections of a different sort: data transmitted through broadband lines.

Our digital communications must be faster—and safer.

First, we need to keep what works: the free flow of data, services and ideas online while creating a climate that supports private investment in broadband networks.

We need to say “no” to the administration’s plan to regulate the Internet with an 80-year-old law from the era of rotary telephones and radio tubes. The Federal Communications Commission’s Open Internet Order will curtail investment in our broadband infrastructure and hinder the creation of game-changing technologies on America’s shop floors.

The NAM’s Manufacturers’ Center for Legal Action is leading a business community coalition to address this order. Our coalition filed a brief supporting the telecommunications industry’s challenge arguing that the FCC’s decision is contrary to the Communications Act of 1934 and is in violation of the Administrative Procedure Act.

Second, we need to protect intellectual property. We’ve all been alarmed over the past few months by astonishing security breaches and cyberattacks on both public and private servers. The government must partner with the industry to protect sensitive proprietary and financial information. Cybersecurity means economic security, and economic security translates into national security.

Manufacturers must be able to rely on their government for protection from counterfeiters and be able to pursue bad actors. Intellectual theft and corporate espionage pose significant challenges to the manufacturing industry in particular with estimated costs surpassing \$1 trillion.

Now, there are still a number of other ways to make our nation stronger.

Our health care system needs more work to reduce costs, increase options, and help employers and employees make informed decisions. Policymakers should eliminate the so-called “Cadillac” tax, which is really a tax on employee benefits and doesn’t just hurt manufacturers but holds back funds for research and development.

Comprehensive immigration reform has to become a reality, not a wedge, if we’re going to create opportunity for today’s workforce and tomorrow’s innovators. And because it’s simply the right thing to do in a nation of immigrants.

But the final challenge I want to address is the skills gap. If something does not change, we will not have enough manufacturing workers in the next decade.

As many of you have seen firsthand, skilled workers are in high demand at manufacturing companies large and small. Here’s the problem: Young people aren’t seeking out the training that makes them qualified for those jobs.

According to a study by Deloitte and The Manufacturing Institute, “The United States faces a need for nearly 3.5 million manufacturing jobs over the next decade, and 2 million of those jobs are likely to go unfilled due to the skills gap.”

If we want to keep building things in America, if we want to lead the world, we need to grow the manufacturing workforce—and fast!

But just 18 percent of people see manufacturing as a top career option. And only 37 percent of parents say they would encourage their children to pursue a career in manufacturing.

We have a good case to make. The average manufacturing worker earns about \$15,000 more than the average worker across all sectors. Manufacturing workers also enjoy the best job security in the private sector.

This is one area where we can all make a difference, especially when manufacturers open their doors to welcome students and educators...just like we did last week and are doing this month for Manufacturing Day—with more than 2,300 events across the country.

Finally, there's one other important way we can make a difference: voting.

While it may seem early, the campaigns to elect our next president are moving forward very fast. Primaries are just around the corner. And the outcomes of the elections, primary and general, could reshape our industry, for better or for worse.

That's why the NAM is launching our 2016 Election Center. You can find it on our website, www.nam.org.

There are more than 12 million manufacturing workers in this country, but an NAM survey earlier in the year found only 17 percent had heard from their employers about the importance of voting during the 2014 elections. We can—and we MUST—do better in the 2016 election.

We're committing more resources this election cycle to our get-out-the-vote efforts than in past elections. If you're a manufacturer, the Election Center has all the tools your employees need for election season, such as information on how to register to vote, candidate voter guides and best practices for building a successful voter education program. The Election Center has all the resources employers need to talk legally and effectively with employees about voting.

We can't be political observers. We have to be participants. There's too much at stake to sit on the sidelines.

And it comes back to what I said at the beginning. There are four pillars by which manufacturers are grounded: free enterprise, competitiveness, individual liberty and equal opportunity.

But they are more than that. These are the pillars—the values—that define American Exceptionalism. The notion that more than any country in the world, unlike any country in the world, we are defined by our future, not just by our past. As Americans, we are driven not by what was, but by what we will become.

As long as we are a forward-looking, aspirational people, we will continue to be an exceptional nation. And as leaders in this free enterprise system, we have an obligation to ensure that future.

We have to ensure America doesn't get off track. And yes, I am concerned for the future of our country. I don't go to work at the NAM because it's a job. I go to work because it's a mission. We are all, in one way or another, part of that mission.

Manufacturing isn't about machines. It's about people and the potential we can unleash.

And it's about the people we have yet to inspire.

Today in America, there's a young girl or a young boy, inquisitive, open-minded, ready to take on the world. He or she could be the next person to revolutionize our industry—in years or decades from now—the next Thomas Edison, the next Henry Ford, the next Charles Pfizer, the next iconic name.

But if that mind is not cultivated, if that talent isn't molded, if that inquisitive nature isn't directed toward innovation...manufacturing will have lost out. America will have lost out.

So all of us in the manufacturing industry have an important role. It's not just making things; it's making a difference. It's not just building stuff; it's building the future.

If we all do our part, America will remain exceptional—and this exceptional nation will offer the next generation even greater opportunities than it offered us.

Thank you so much.