

Jay Timmons' Remarks at the Iowa ABI Luncheon

October 14, 2014

Thank you, Mark [Hanawalt], for that great introduction—and thank you all for such a warm welcome. It's a privilege to be among so many good friends, valued colleagues and critical partners who do such great work to strengthen, support and promote manufacturing in the United States.

I'd like to thank Iowa ABI for inviting me to join you in this conference. Mike Ralston has done a great job at the helm of this association. He is a tremendous advocate for Iowa businesses large and small. I'd also like to thank Al Jennings, chairman and CEO of EFCO Corp. He and his executive team were kind enough to host me at the company's headquarters just before we headed here.

It's a great day to be in Iowa, and it is a great time to be an Iowa manufacturer.

As you know, October 3rd marked Manufacturing Day 2014.

Iowa really took a leadership role in this celebration. There were at least 24 events across the state. There were so many manufacturers and so many Iowa ABI board members involved in hosting or planning celebratory events. And some of your state's top political leaders were involved in these events as well.

The fact that you've received this type of support from policymakers can be attributed to two factors. First, the Iowa Association of Business and Industry is a model for business advocacy groups in our nation. Since 1903, Iowa ABI has been the go-to organization for Iowa's job-creating community. Simply put, when you talk, decision-makers listen.

The National Association of Manufacturers is only as strong as our members and our partners. Speaking of our members, let me acknowledge NAM board members John Mather of BKD, LLP and Charles Sukup of Sukup Manufacturing Co. Let me also acknowledge my friend, NAM board member and Emerson Chairman and CEO David Farr. Emerson is another exceptional Iowa manufacturer as well as a sponsor of this important event. One other board member, not with us today, is Mary Andringa of Vermeer Corporation.

These are great leaders—and there are many more who are with us today—who are powerful and effective champions of manufacturing.

The NAM has an ambitious agenda, and we know we won't achieve it by remaining in Washington. We're in legislatures, on shop floors, in board rooms and in meetings with opinion leaders like you across the country.

Iowa ABI remains one of the NAM's valued partners, and we look forward to continuing to grow and develop this essential relationship in the future.

That effectiveness starts in the states and in our communities. [Iowa manufacturers](#) are one of the state's economic powerhouses. In 2012, Iowa's manufacturing output totaled \$25.4 billion. Last year, manufacturers employed nearly 215,000 citizens. And our jobs pay—well: The average annual compensation for manufacturing jobs in the United States is about \$77,000. Manufactured

goods exports support nearly a quarter of all manufacturing jobs in Iowa. And manufacturing accounts for more than 90 percent of all state exports.

So people listen because you have a great story to tell. Those of us at the NAM—and all manufacturers—have a story to share, too. It's a story we enjoy telling from coast to coast.

America's greatness is intertwined with its ability to manufacture...to innovate...to transform ideas into concrete realities. The principles championed by America's founders made ours a great nation, but America's manufacturers made it a great power.

America's soldiers braved enemy fire on shores, in the skies and in towns, fields and jungles around the world to secure peace. America's manufacturers created the infrastructure, battleships, aircrafts and armaments that made victory possible in World War II—and saved the lives of countless people.

American ideals took us all the way to the moon. The innovation and ingenuity of American manufacturers carried the astronauts there.

American resolve triumphed over the Soviet Union. The technical superiority demonstrated by American manufacturers fueled its collapse.

America's success in these endeavors and ascent as both a great nation and a great power, I believe, can be traced to four unifying principles: free enterprise, competitiveness, individual liberty and equal opportunity.

Free enterprise—the vitality of pure market forces that drive innovation and growth in the private sector.

Competitiveness—pragmatic policies that enable our businesses to increase investment, expand markets, encourage innovation and succeed in the global economy.

Individual liberty—the creativity and entrepreneurship unleashed by protecting, defending and advancing the basic freedoms enshrined in our Constitution and Bill of Rights.

Equal opportunity—the fundamental belief that, given the chance, every human being has the potential to prove they can contribute to the success of our enterprises, our communities and our nation.

Unfortunately, business as usual in Washington these days may give some reason to doubt the viability of these four defining principles in the era of perpetual gridlock.

Sadly, the statistics tell a story. An August *Wall Street Journal*/NBC poll found declining trust in both major political parties and a growing pessimism about the future of this country. That poll found that 76 percent of adults lack confidence that their children's generation will have a better life than they do—an all-time high. Some 71 percent think the country is on the wrong track, and 60 percent believe the United States is in a state of decline. They don't have confidence in the president—who has an approval rating of just 40 percent. And a recent Gallup poll found that only *14 percent* of Americans approve of what many regard as a do-nothing Congress.

But the real story here is the inaction *behind* these numbers. Manufacturing in the United States is at a crossroads. For us to compete in an era of new challenges and new opportunities, we need

to renew those ideas, those values and those characteristics of American exceptionalism to claim this century as the next American century.

America must be the best place in the world to manufacture, innovate and attract foreign direct investment. Manufacturers in the United States must be the world's leading innovators. Manufacturers in the United States need expanded access to global markets, enabling them to reach the 95 percent of consumers in international markets. To thrive and grow, manufacturers in the United States must have access to the kind of skilled, highly trained and adaptive workforce the 21st century demands.

These are the NAM's goals for America's manufacturing future. But given the polarization and gridlock in Washington, the policy steps and legislative actions needed to be taken to transform these goals into realities cannot be achieved easily, if at all, in the current political climate.

The issues that are essential to preserving manufacturing's ability to compete will sit idle because of the partisan din in Washington.

But there is no problem presently facing America that a certain antidote can't cure. That antidote is restoring the leadership America currently lacks.

Back in 1932, a young man graduated from college and then drove from California to Iowa to look for job opportunities in radio. Eventually, the University of Iowa hired him; jobs at radio stations in Des Moines and Davenport later followed. He became known for his uncanny ability to connect with his audience. This ability came to serve him well in his later career.

That man, Ronald Reagan, later said, "The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things." Leadership does not come down to one leader or one institution. It is up to all of us.

Leadership that educates—and persuades. Leadership that listens. Leadership that guides—and acts to secure what's achievable. This is what we must provide to move America forward.

Education means telling the manufacturing story. Just as is the case in Iowa, manufacturing is an essential engine that makes our national economy strong. It's also facing some challenges that must be met to ensure it can compete globally.

Manufacturing supports an estimated 17.4 million jobs in the United States—about one in six private-sector jobs.

Job creators bring a perspective to the public policy debate that many legislators and regulators lack. The problem is that you're already busy running companies and making decisions that affect thousands of workers and consumers, and you don't have a whole lot of time to devote to the messy politics of Washington.

If we can no longer rely on our political leaders to lead us, then it becomes our right and responsibility to step up and show them the way.

As for the NAM, we're continuing to play our part. We will lead by communicating to our political leaders the importance, opportunities and challenges faced by the more than 14,000 manufacturers we represent. We will also continue to lead by breaking down public policy issues and articulating the real-world impact on those we serve.

Recently, we released high-impact reports that have framed discussions on issues like the [Export-Import Bank reauthorization](#), the potential new and destructive [ozone standard](#), [infrastructure investments](#) and the [onslaught of federal regulations](#) that combine to siphon more than \$2 trillion out of our economy each year.

Our report on federal regulations documents the degree to which manufacturers bear a disproportionate share of the regulatory burden. That burden has a disproportionate impact on manufacturers, especially small manufacturers. The average U.S. company pays about \$10,000 per employee per year to comply with federal regulations. The average manufacturer in the United States pays nearly double that amount—nearly \$20,000 per employee per year. Manufacturers with fewer than 50 employees incur regulatory costs of nearly \$35,000 per employee per year—more than three times the cost borne by the average U.S. company.

Responding to the challenge posed by an increasing regulatory burden, we launched the [Manufacturers' Center for Legal Action](#) to lead the fight in the courts to restore balance in a regulatory environment that harms the manufacturing sector.

We also continue to underscore to policymakers and the public the destructive impact current tax policy has on manufacturers. Presently, manufacturers in the United States are at a distinct disadvantage compared to our major trading partners.

High tax rates drive this cost disadvantage. The U.S. corporate tax rate stands at 35 percent, the highest among major industrial nations. While many other countries have lowered their tax rates to enhance their ability to compete in the global marketplace, our leaders in Washington want to take us in the wrong direction.

For example, the Obama Administration just issued new regulations to discourage so-called tax inversions. We need a president who leads and has a motivational and inspirational message and policies that attract, not denigrate and demonize, job creators. The solution is not more onerous regulations but a long-overdue reform of our nation's tax system.

To be sure, demonizing and questioning the patriotism of people who create jobs in the United States for these difficult decisions is counterproductive. Piecemeal reactions to inversions that are loaded with unattended consequences are not the answer. And the Administration's decision to legislate through regulations is as misguided as it is inappropriate.

Now, even worse, President Obama and some in Congress have also proposed increasing the tax burden on shareholders of "S"-corporations by focusing on "corporate-only" tax reform. Almost 70 percent of manufacturers operate as "S"-corporations or other "flow-through" entities and thereby pay income taxes at individual rates. It is important that any tax reform effort include these companies that are a critical part of our economy. Tax increases on these job creators will take resources away from investment and jobs.

We need real and meaningful tax reform, not more policies that will stifle innovation, limit job creation and harm economic growth.

We have a compelling story to tell. It's our responsibility to tell it.

Beyond educating and persuading policymakers and the public, leadership that gets results requires us to hear from you. We're in constant communication with our members and our partners like you in order to hone, refine and expand our message as needed.

Through our [Leadership Engagement Series](#), the NAM is hosting listening events all across the United States—and last month, we had an event right here in Iowa. The purpose of these events is to listen to manufacturing leaders’ concerns and to encourage them to get personally engaged in the political process.

We have also engaged with traditional and nontraditional allies to identify natural areas of alignment and cooperation.

But leadership also requires the ability to guide action—and drive change. That requires becoming active, respected and consequential players in the political process.

As a nonpartisan organization, the NAM applauds Republicans who have promoted tax and regulatory reform and Democrats who have been with us on Export-Import Bank reauthorization and bipartisan deals on transportation and waterway infrastructure funding as well as workforce development.

Manufacturers—and the business community as a whole—must support pro-business candidates and challenge anyone who advocates anti-growth tax, spending or regulatory policies that translate into lost jobs, shuttered business and economic uncertainty for working families.

By increasing their political engagement, the 17 million people whose jobs depend on manufacturing have a real opportunity to open up this process. And, here in Iowa, manufacturing voters increasingly have the chance to determine control of the U.S. Senate. That’s why, come Election Day, manufacturing voters must cast their ballots—to hold their elected leaders accountable and to drive the change and leadership we need and all Americans deserve.

From the NAM perspective, that pool of untapped voters is the proverbial “Big Stick” Theodore Roosevelt famously spoke about.

At the NAM, we’ve expanded our get-out-the-vote programs at every level—to turn out manufacturing voters. Beyond leading employee registration drives, we’ve spearheaded get-out-the-vote efforts during the most recent primary season—and we will have efforts in Colorado, Kentucky, North Carolina and *in Iowa* this fall. Our travel teams will head here and to those states to visit NAM members and canvass with voter guides and election materials. And our [online Election Center](#), which you can find on our website, has become a “one-stop” resource for manufacturers—employers *and employees*—to access the information necessary to encourage, and for, informed voting.

Again, if we can no longer rely on our political leaders to lead us, it becomes our right and responsibility to step up and show them the way.

What no longer seems to exist in Washington, we can find in ourselves.

We face some serious challenges posed by a changing world and a dysfunctional political culture in Washington, but there are also vast opportunities.

Through the kind of leadership advanced by the NAM, Iowa ABI and other partners, we can ensure that manufacturing in the United States can be what it has always been: an arsenal of economic power serving our country and the rest of the world.

And, we can live up to the vision espoused by one-time Iowan Ronald Reagan of an America whose best days always lie ahead.

Thank you.