

## **State of Manufacturing Address at the 16th Annual Alabama Manufacturer of the Year (Montgomery, Alabama)**

**February 19, 2015**

Thank you, Billy [Canary] for those kind words – and for the outstanding leadership, and critical partnership, that you provide as President and CEO of the Business Council of Alabama (BCA). The BCA is the official state partner of the NAM. Billy, I'm proud to call you a friend, a friend of manufacturing, and we are glad you are on our team.

It's a privilege to stand with you this afternoon, to bring the State of Manufacturing Tour to Montgomery – and to join you, and so many leaders of Alabama's business community, including BCA Chair Marty Abrams, Alabama Technology Network Executive Director Chester Vrocher, Chamber of Commerce Association of Alabama President and CEO Jeremy Arthur, and Birmingham Business Alliance President and CEO Brian Hilson – in recognizing and honoring this year's Alabama Manufacturer of the Year recipients and renewing our efforts to build a stronger, better America.

We also have many dedicated members of the National Association of Manufacturers with us here today, such as 3M, BP America, Goodyear Tire and Rubber Company, Lockheed Martin, McWane Inc., Southern Company, Vulcan Inc., and Vulcan Materials. And I'd like to recognize one of my bosses in the room: NAM Board member Ronnie Boles, President of General & Automotive Machine Shop.

Thank you for your strong support of the NAM.

I've had the opportunity to work with and alongside many of the people in this room – and even had the honor of receiving BCA's 2011 Governor Bob Riley "Building a Better Alabama" award. And today, it is a special privilege to be here in Alabama to congratulate today's honorees.

You are playing a key role in advancing the work that continues to make such a profound, positive difference to our country. It's great to be with so many hardworking, innovative, determined people who understand that America wouldn't be what it is without manufacturing.

That's because without manufacturing, the story of this great and indomitable country wouldn't have been possible.

When we were torn apart by a bloody Civil War, manufacturing helped sew us back together.

When we were trampled beneath a devastating Depression, manufacturing helped us get back on our feet.

When we were tested by a world war, bravely fighting tyranny on two fronts, manufacturing helped arm the Arsenal of Democracy here at home that powered America into a new era of leadership.

When we were tripped up by the Great Recession and many wondered whether manufacturing in the United States was past its prime, we not only proved the doubters wrong, but have roared back even stronger.

In the past two weeks, since we began the 2015 State of Manufacturing Tour, I have seen our industry on the move – manufacturers striving to continue to lead the world in West Lafayette and Minneapolis, in Detroit and Chillicothe, in Cleveland and Olympia, in Spokane and Denver, in Houston and now in Montgomery.

Today, the state of manufacturing is as resilient and robust as ever – and that's why, once again, America is rising.

I'm so proud to go to work every day leading the National Association of Manufacturers – the unified voice that advocates for the promise of manufacturing in America – because I'm proud to be associated with innovators and problem-solvers. That's what we do.

When manufacturers see a problem, they fix it. If they can't find a solution, they create it. That's who we are. And, by the way, isn't that the American story, too?

Manufacturing in the United States has succeeded because our industry and our solutions are grounded on four fundamental values – values that also happen to be the foundational and unifying principles of the exceptional country we love.

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

The second is competitiveness: our ability to invest and 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 federal Constitution and Bill of Rights.

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

These values have endured – overcoming great struggles here and across the nation, even at this hour– to move us in the direction of more freedom, more opportunity, and more dignity for all. These values have given America the minds and the hearts to achieve what was once unimaginable: groundbreaking innovations and entire industries that have raised the standard of living not just here in the United States but across the world and have empowered us to export the bright light of freedom to the darkest corners of the globe for generations.

These values unite all of us, even at a time when our country seems more divided than ever. And they can help move manufacturing and our country to new heights.

Manufacturers in the United States hold fast to these principles because we're Americans with a deep sense of responsibility. We lead by example.

Don't get me wrong – this sense of duty we feel isn't grounded in patriotism alone. It's also about pragmatism. This is very much about economics.

Look at manufacturing's direct impact on the economy. We are creating more jobs, making more products, and making them better than ever before. Every year, manufacturing contributes more than \$2 trillion to the American economy – one of every eight dollars in that economy.

The 257,000 Alabamans who are forging metals, building cars, ships, industrial and transportation machinery, assembling airplanes, and producing chemicals, paper and petroleum Americans use every day – you are responsible for nearly a fifth of this state's total output.

Yet we can't underestimate manufacturing's indirect influence, too: Manufacturing has the biggest multiplier effect of any industry. Every manufacturing dollar in America adds one dollar and thirty-seven cents to the economy – nothing else comes close. What a great return on investment that is.

Manufacturing improves people's lives not just through the products we make, but through the economy we strengthen. You simply can't have a strong service sector, financial sector or education system without thriving manufacturing.

So you can see why manufacturing has a disproportionate responsibility to keep our economy humming.

But there's another side to this coin – and that's what I want us all to think about and speak up about and advocate for. All of this good news also means that manufacturing faces a disproportionate share of the burden of government regulations. That doesn't just matter to CEOs and workers – it matters to every single American consumer, family, and job-seeker.

We all suffer when our policies don't match our principles – chief among these being the four I mentioned: free enterprise, competitiveness, individual liberty, and equal opportunity.

There are still speedbumps slowing us down – so let's get rid of them, starting with achieving a sane regulatory environment.

Nothing is more important than the health and safety of our workers and consumers. No question about it. But to the extent that we need regulations, they need to be fair and transparent—not controlled by special interest groups. Today's system is unnecessarily complex and inefficient. It costs small manufacturers nearly \$35,000 per employee per year. And as you know, 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.

So we have to streamline and simplify the system. We have to increase accountability. And we must insist on better analysis of the benefits and costs when they're necessary. Because every regulation, well-meaning or not, increases the cost of doing business.

For starters, just look at the Administration's regulatory agenda. Its regulation of greenhouse gases would limit fuel choice, increase energy prices and make power less reliable. Its proposed ozone standard could shut down facilities and force manufacturers to scrap expansion plans – all of which harm growth. And the Environmental Protection Agency itself said that its regulation alone could be the most expensive regulation in history.

Its approach to regulating greenhouse gases from the power sector will only increase energy costs for American businesses and households. What's worse, it might not even improve environmental quality.

The carbon emissions from manufacturing and other industrials are down 13 percent in the last decade. These reductions have been driven by technological breakthroughs, increased energy efficiency, and a commitment to sustainability principles. We are building more efficient power plants, factories, cars, and appliances – all of which are leading to lower emissions.

But if we're going to continue leading the world in developing the next generation of energy technologies, we can't have policies that arbitrarily increase costs. That only makes us less competitive. And that's exactly what the EPA's proposed greenhouse regulations would do.

And to make matters even worse, we know that this is only the beginning of the EPA's regulatory regime. Direct greenhouse regulations of manufacturing facilities will be next. Investment dollars and GHG emissions have something important in common: neither is constrained by national borders. So this kind of regulatory environment ensures both will be sent abroad.

The NAM represents over 14,000 manufacturers, from multinational corporations to family businesses all along Main streets. Those family businesses ask me all the time: how can we make the government understand that their regulations hurt small businesses more than anyone?

Then, of course, there are taxes. America leads the world in a lot of ways – ways we're all proud of. But the highest corporate tax rate on Earth? That's not a distinction to brag about. It's a problem to fix.

Every business leader in the world wants access to our market. But every one of them also has to ask: what is the cost of doing business in America? Our outdated tax code is turning too many of them away and driving investors out of our country.

Corporate tax reform won't do the job alone. We also need to fix the way our tax code treats the many—two-thirds of—manufacturers who are taxed at an individual tax rate. So if you raise individual tax rates, you are raising taxes on the majority of all manufacturers. And the President's proposed punitive tax increases on investments and small businesses would stifle economic growth.

We can start meaningful and long-overdue reform by making the research and development tax credit permanent. And we can continue by implementing a pro-growth tax plan with lower tax rates for the manufacturers who lead our economy. The NAM's economists have found this plan would add a full percentage point to our GDP every year. That means more investment, more innovation, more jobs, more money in the paychecks of more middle-class working families.

We're not reaching our potential. With smarter regulations and sound tax policy, we can.

Another important choice our leaders need to make is about trade. Here's why: it doesn't matter what our manufacturers make if we can't sell it domestically – and internationally. That's one of the reasons the NAM was founded 120 years ago. And today, with 95 percent of the world's customers living outside of the United States, we need to be where they're buying.

International trade supports more than a quarter of all manufacturing jobs in Alabama – folks who trade with customers in more than 200 international markets. And more than 80 percent of your exporters are small- and medium-sized businesses, so a smart trade policy is the difference between growing those businesses and shutting their doors.

Time is of the essence. So an aggressive trade agenda – including passing Trade Promotion Authority – would help the United States regain its leadership mantle and give us greater access to the foreign markets we need. The United States is already succeeding with its current free trade agreement partners, who purchase 13 times more from the United States than countries that have not agreed to eliminate their barriers to trade on our exporters. So what are we waiting for?

A long-term reauthorization of the Export-Import Bank is another necessary ingredient of competitiveness that this Congress must take action on immediately. Here in Alabama, the Ex-Im Bank supports 794 million in export sales and over 5,000 jobs. And, overall, in the last two decades, the Ex-Im Bank has sent about \$7 billion back to U.S. taxpayers.

The debate over the future of the Ex-Im Bank boils down to whether we want manufacturers in the United States to win overseas, or whether we want our foreign competitors and their workers to swoop in and seize these opportunities.

Our global competitors use more than 60 other export credit agencies, so it's imperative that our manufacturers can turn to the financing opportunities the Ex-Im Bank offers. If they can't, our manufacturers will soon find themselves at a distinct disadvantage. They'll have to compete in an international marketplace with the odds stacked against them.

A vote against the Ex-Im Bank is a vote to support sending manufacturing and jobs overseas instead of here at home. It's really that basic. And let me be perfectly clear: That's why we need Chairman Shelby to commit to a long-term reauthorization of the Export-Import Bank. If you see Senator Shelby or his staff during the coming weeks, I ask you to encourage them to support long-term reauthorization of the Ex-Im Bank. This is a critical component of manufacturing job creation, and Chairman Shelby, through his Senate Banking Committee, can help us get this bi-partisan legislation to the finish line.

Of course, bringing goods to market isn't a challenge only overseas. The slowdowns at our West Coast ports, while perhaps benefiting ports all along the Gulf, is decimating manufactures and retailers all across the country. The challenge of managing inventory is forcing manufacturers to limit or cut overtime and many businesses are keeping workers at home. That means millions of dollars in lost wages. It means families don't know how much the next paycheck will be—or even if the next check will come.

A 10-day shutdown at the West Coast ports could cost our country \$2.1 billion a day. And, although we're pleased the Administration responded to our call for stepped up involvement to try to break the deadlock in negotiations, we need everyone in this room to keep the pressure on the Administration, on Congress, and on the parties – as the NAM will continue to do – so that this situation ends soon and the ports can resume to normal operations.

Beyond this challenge, too many of our ports, roadways, railways, and runways are getting worse by the year and are in desperate need of repair. Just take a drive through most parts of America, on roads and bridges that were built for a bygone era.

The needs of business – both here at home and as we compete in the global economy – demand that the government invest in improving our aging infrastructure.

Now, let's take a look at energy, because the time is right—energy that fuels our success as manufacturers and as a country. This is a tremendous moment of great opportunity. America has an unprecedented and incredible global advantage in reliable and affordable energy, and it's driving manufacturing's resurgence.

If we're going to keep building on our strength, and creating jobs with the potential that energy exports represent, an "all-of-the-above" energy approach that taps every resource we're blessed with here at home is the only realistic choice. We can make the United States energy secure and North America energy independent. Shale gas is just one example of an opportunity we shouldn't miss. If we develop this resource correctly, we can create a million new American jobs over the next 10 to 15 years.

Getting the job-creating Keystone XL pipeline built is another great opportunity to seize. There are no more excuses.

Altogether, the combination of oil, natural gas, coal, wind, solar and other sources will mean more jobs, lower utility bills, and more growth across the board. Americans need an energy policy around which manufacturers can plan – one that incentivizes, not inhibits, innovation.

There are also a number of other ways to be as competitive as we need to be. Our health care system needs to reduce costs, increase options, and help employers and employees make informed decisions. Policymakers should eliminate the medical device tax that doesn't just hurt manufacturers – it stifles research and development of medical advances that keep people healthy and safe.

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.

We also need to hold the National Labor Relations Board accountable and remind it of its role as a neutral referee. And that's why the NAM's Manufacturers' Center for Legal Action has filed a lawsuit against the NLRB to stop ambush elections and its abuse of authority.

Fair and transparent regulations, more competitive taxes, free and fair trade, 21st-century infrastructure, diverse energy options, immigration reform, health care and legal reform – the menu

is long because the moment is significant. But I'm confident we can do this – and do it in a way where everyone wins.

Why do I worry about whether our elected officials will get these critical questions right? Because I know our workers are the best and most productive in the world, and I believe they should have the best environment in which to innovate, invent and invest.

This is not just about reviving an economy, but perfecting our union. It's about creating a new, brighter future for everyone, by dreaming it, by building it, and by making it – right here at home – as we've always done when we're at our best.

Ladies and gentlemen, there's a popular misconception about manufacturing, that it's just about machines. It's about people, and the potential we can unleash.

I know this firsthand. My grandfather left the family farm to stand in line for six months at the local paper manufacturing plant in Chillicothe, Ohio. He went back every day until he got the job that would move my family into the middle class.

I think about his persistence every time I meet one of the great men and women who've chosen this career that's so important to our country. Manufacturing is about those people. It's about people who stay true to, and who rise with, the principles of free enterprise, competitiveness, individual liberty, and equal opportunity.

When the world needs America to help make it out of a rough patch, it's manufacturers in the United States who make the things that make it happen. They're the ones who make anything possible.

But here's the takeaway for today: That doesn't happen on its own.

Like any manufacturing process, we need to put the right pieces in place. That begins with the right public policy – one that advances manufacturing and keeps America as exceptional as ever – the world's best example of opportunity and optimism.

We need to generate ideas and designs, calibrate the technologies and develop the logistics—that starts with our business leaders, and our relationships with our workers, and with each other.

And like any machine that makes anything, nothing happens unless we push the “start” button – and that starts with you – the work you do, the voices you raise, the quintessentially American values by which you live, and your support of manufacturing in the United States of America.

Thank you very much.