

State of Manufacturing Address at the Ball Corporation (Broomfield, Colorado)

February 12, 2015

Hello, Colorado! Thank you for that warm welcome – and thank you, Scott [Morrison] for such a generous introduction—and for, along with your outstanding colleagues, welcoming us to Ball. I appreciate your strong support and commitment to the National Association of Manufacturers, and all that you do to strengthen manufacturing in the United States.

Thank you, Mark Cardova, and Centennial Bolt, for co-hosting us today – and for your equally strong commitment to the NAM. This event wouldn't have been possible without your dedication and tireless efforts.

I'd like also to thank Chuck Berry, President of the Colorado Association of Commerce & Industry, for welcoming us to Colorado and for your leadership and partnership in advancing manufacturing in the United States.

And I want to thank you all for being here today.

It's great to be here at Ball – just like Centennial Bolt, a great American manufacturing company—and 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 and states especially like Colorado 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.

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. Just like how you created the Alumi-Tek bottle. 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 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 unite all of us, even at a time when our country seems more divided than ever. And they can help move manufacturing 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 getting things done. 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 more than 130,000 Coloradans who are building cars and producing chemicals, paper and petroleum – and from this shopfloor are making innovative, sustainable packaging solutions Americans use every day – you are responsible for this state's \$21 billion manufacturing output.

Yet we can't underestimate manufacturing's *indirect* influence, too: Manufacturing 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. 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.

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.

The development of next-generation power plant technologies is a prime example of what I'm talking about. Today, coal generates about 40 percent of the country's electricity, and we have decades' worth of coal reserves. The rules, however, would effectively eliminate this abundant resource from our energy mix.

It doesn't have to be this way. The Obama Administration has chosen ideology over balanced regulations and U.S. competitiveness. Instead of recognizing that other nations will continue to produce greenhouse gases at far greater rates than the United States, it is unilaterally sending more production to these countries. In short, the United States will sacrifice its economy and harm manufacturing in America.

This makes the Environmental Protection Agency more than an agency charged with ensuring clean air and water. It makes it the regulator of the entire U.S. economy.

And the consequences of its ozone standard – potentially the most expensive regulation in U.S. history – will be no less severe. In the Centennial State, this proposed regulation will cost billions of dollars and thousands of jobs for goals that, because of the state's unique topography, may be altogether unattainable. Nationwide, this standard could shut down manufacturing facilities and force manufacturers to scrap expansion plans – all of which harm growth.

Livelihoods and groundbreaking innovations by businesses to meet the next generation of energy and environmental challenges are at risk. That's why, today, manufacturers are calling on Governor John Hickenlooper to join us in telling the President and the EPA that we cannot afford an unworkable and unwise ozone standard.

The NAM represents over 14,000 manufacturers, from multinational corporations to family businesses all along Main Street. Those family businesses ask me all the time: how can we make the government understand that their regulations hurt small businesses more than anyone? It's just not right. And Governor Hickenlooper can show that he understands that.

These regulations erect barriers to seizing a historic opportunity on energy, that could power our economy and secure global leadership for generations to come. 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. And 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 pivotal factor.

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.

Manufacturers are doing our part. We're 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. We're building more efficient power plants, factories, cars, and appliances. And we'll continue developing sustainable solutions that power our economy and create jobs here at home.

But we can't do it alone. Americans need an energy policy around which manufacturers can plan – one that incentivizes, not inhibits, innovation.

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.

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 of all sizes who lead our economy—and that includes the two-thirds of manufacturers who are taxed at the individual rate. 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.

Another 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.

You get that at Ball. That's why you have significant manufacturing operations on four continents. That's why you're connecting with customers all over the world.

International trade supports more than 700,000 jobs in Colorado – folks who trade with customers in more than 200 international markets. And it's not just big manufacturers like Lockheed. Nearly 90 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.

So free and fair trade – including Trade Promotion Authority – will give us greater access to the foreign markets we need. A long-term reauthorization of the Export-Import Bank is a necessary step, as well.

Of course, bringing goods to market isn't a challenge only overseas. The slowdown at our West Coast ports slams manufacturers. A 10-day shutdown at the West Coast ports could cost our country \$2.1 billion a day. That's a price we can't afford to pay. Everyone has to encourage the parties to reach an agreement to return the ports to normal business operations, even here in Colorado – so that we can eliminate this uncertainty, and keep global commerce moving.

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. That's a formula that's worked for us before. It will work again.

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. Wireless, invisible links that instantaneously bring us together and share information and cause reactions. Codes that spell out proprietary and financial information, processes and designs.

Intellectual property is the key to our success. And we need to advance the way we share it. And enhance the way we protect it.

The Internet has propelled considerable advances in manufacturing—and the Internet of Things, the interconnectivity of devices of all kinds, has the potential to reshape our industry, our nation, and our world. So all this progress begs the question: Why turn back the clock 80 years? That's exactly what President Obama wants to do, by regulating the Internet with an 80-year-old law enacted during the era of rotary telephones. It will curtail investment in our broadband infrastructure, hindering the creation of game-changing technologies on America's shopfloors, while yielding little benefit for consumers.

Given the staggering success technology has helped drive across all manufacturing sectors, it makes no sense for President Obama to reverse course and now apply an antiquated command-and-control regulatory framework to the currently open Internet. He's trying to fix something that simply isn't broken.

So let's all agree on keeping what works: the free flow of data, services, and ideas online while creating a climate that supports private investment in broadband networks.

Let's also all commit to what innovation needs to thrive: protection of our intellectual property. Over the years, the government response to the threat of security breaches and hackers has generated proposals for regulation and mandated tech measures that would be out-of-date the minute they're enacted. Manufacturers spend more on research and development than any other sector. We have the most patents. We leverage this knowhow to invest significantly in securing America's most critical infrastructure. We need our government to step up to meet this challenge with us.

And the President appears to be taking the steps to make that happen—by calling for more real-time cyber-threat information sharing between the private and public sector, an emphasis on protecting the privacy of personal information, and targeted liability protection for private entities that share threat information. This is a promising start. Cybersecurity means economic security. Economic security translates into national security. America cannot afford to fail or fall short.

That's why today manufacturers are also calling for aggressive federal enforcement of intellectual property rights and strong protections and enforcement overseas. Manufacturers must be able to rely on their government to help protect their intellectual property from counterfeiters and other bad actors. Counterfeiters pose a significant challenge to the manufacturing industry in particular with estimated costs surpassing \$1 trillion. If manufacturing in the United States is to truly compete in a global economy, our government must work through new trade agreements and other avenues to provide sufficient protections in foreign countries. And the government must enforce our intellectual property law here at home so manufacturers can lead us into a new, great chapter of progress and opportunity for all.

There are also a number of other ways to make our nation stronger. 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. 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, intellectual property protections, open and secure Internet – 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 is a popular misconception about manufacturing – that we're just about machines. It's about people—you— 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 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 any of the great men and women who've chosen this career that's so important to our country – people with the same patriotism and perseverance of my grandfather and of five brothers, Edmund, Frank, George, Lucius, and William, who believed “We Can!”

Manufacturing is about those people. It's about people who stay true to, and 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.