

## State of Manufacturing Address at the Ross County Chamber of Commerce (Chillicothe, Ohio)

February 5, 2015

Thank you Randy [Davis] for such a generous introduction and congratulations on assuming the important role of leading the Chillicothe-Ross Chamber of Commerce. I am a native of Chillicothe and a son of Ross County – and it's great to be home again

Thank you to the Chamber for hosting us tonight. And thank you to the Appalachian Partnership for Economic Growth and to Glatfelter for sponsoring tonight's event—and for helping us promote manufacturing in the United States.

Chillicothe is a special place, steeped in history and full of promise for the future. Yes, we were the first – and third – capital of Ohio. But more than that designation, Chillicothe was an early capital for manufacturing. For generations, since we were the capital of the Northwest Territory, Chillicothe has been a seemingly mandatory stop for presidential candidates, many of whom made our town a whistle stop at the train station on East Main, where my great grandfather, Charles Alonzo Donnels, was a conductor for the B&O Railway

And it's no wonder. Chillicothe *is* America. We were the crossroads for an infant country that was bursting at the seams with potential and we are still the crossroads for a country that provides opportunity for millions off her citizens and hope for an entire world.

This is what I love about my hometown: you can close your eyes and imagine a Main Street anywhere in the middle of America. And if you're here in Chillicothe, when you open your eyes, that's exactly what you see. That's what Main Street should look like. That's what America should look like. I take my hometown with me everywhere I go.

You can't talk about where this state has been and where it's going without talking about manufacturing – and I can't talk about my family without talking about, well, manufacturing.

After losing both of his parents before he was a teenager and dropping out of school to support his brothers and sisters, my grandfather, Harry Timmons, left the family farm during the Great Depression to stand in line for six months at what was then the Mead paper manufacturing plant. He went back every day – 35 miles each way – until he got the job where he would work for the next 40 years. My grandparents settled on Watt Street and that manufacturing job meant they could save for 20 years and finally purchase their first home on Sunset Drive. That manufacturing job would move my family into the middle class.

It's a story that is as old as the entrepreneurial spirit that is infused in our nation's DNA. But it is also a story that is based on principles that are as fundamental today as they were 80 years ago. Manufacturing still changes our lives for the better.

That's why you can't talk about where we've been and where we're going without talking about the dreamers and doers of America. That's true of our great and indomitable country, as well – our story wouldn't have been possible without manufacturing.

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 an 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, we 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. 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 free enterprise system that empowered my father, Warner, to take a bold risk and start his own business – Timmons Appliances at the corner of Bridge and Main.

The second is competitiveness: our ability to invest and expand markets and succeed in the global economy. That competitive spirit that has helped put Ross County on the map because our manufacturing workforce is always striving to be the best – just like my grandfather did at Mead.

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. That same defense of individual liberty that my great-times-5-grandfather, Rev. Stephen Timmons, fought for when he settled in the Scioto Valley in 1799, when he built one of the first log homes in Ross County, preached against slavery, proselytized about the need for Ohio to be a free state when it was admitted to the Union – and with another of my ancestors built the church that is Brown’s Chapel.

And the fourth great principle 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. The equality of opportunity that my mother Mickie didn’t enjoy when she became pregnant with me and had to hide that fact to stay in her job. My mother eventually rose through the ranks through the strength of her character and the merit of her work – and shattered the glass ceiling to become the president and CEO, and publisher of the *Chillicothe Gazette* when similar opportunities for women were few and far between.

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.

Now, 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 our economy.

The 660,000 manufacturers in the Buckeye State who are building cars and producing chemicals, building trucks, making paper, petroleum and steel – you are responsible for 18 percent of this state’s 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. And 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.

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?

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. And the President’s proposed punitive tax increases on investments and small businesses would stifle economic growth. It’s the wrong prescription for what ails America.

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.

The third 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 hundreds of thousands of jobs in Ohio – Buckeyes who trade with customers in 214 international markets. And 90 percent of your exporters are small- and medium-sized businesses. A smart trade policy is the difference between growing those businesses and shutting their doors.

So free and fair trade – including Trade Promotion Authority for the President – 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.

Unfortunately, while we're watching from the sidelines, the rest of the world is busy negotiating free trade agreements.

Of course, bringing goods to market isn't a challenge only overseas. 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. And if, for example, we develop shale 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.

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 making our products and the places where they're made more energy efficient. 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.

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, which is bringing manufacturers together on several fronts to protect and defend the law, 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. People think that manufacturing is just about machines. It's not! It's about people, like my grandfather, and the potential we can unleash.

It's about people who taught *me* about patriotism and the values of American Exceptionalism – by how they lived, by what they did, and by the legacies they made for us all here in Chillicothe and across the nation. 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 just 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 and Ohio values and Ross County values by which you live, and through your support of manufacturing in the United States of America.

Thank you very much.