



John Engler

President and CEO

November 24, 2008

The Honorable Thomas Daschle
The Atlantic Building
950 F Street, NW
Washington, DC 20004

Dear Senator Daschle:

I am pleased to hear of your selection to be Secretary of Health and Human Services (HHS) in the Obama Administration. Your experience, especially as Senate Majority Leader, will be invaluable to helping President-elect Obama address the major health-care challenges facing our nation. Following the confirmation process, we look forward to working with you and your staff.

Rising health care costs are one of the largest challenges facing U.S. manufacturers, the vast majority of which offer health care benefits to their workers. These rising health care costs act as a disincentive to hiring new employees, creating new jobs, and investing in new technologies and facilities.

A comprehensive approach to health care reform is absolutely vital to our long-term economic security and future job growth. We believe the solution to the rising cost of health coverage lies in pursuing a strategy that helps employers continue their generous offering of health benefits while addressing the factors that influence health care costs and appropriately determining the cost burden between the public and private sectors and among consumers, payers and health care providers.

Through experience with process improvement and flexibility in designing employer-sponsored health benefits, manufacturers can help address challenges with today's health care system. Manufacturers have streamlined their own processes and operations to reduce costs, eliminate errors and improve quality. In health care, through plan innovation, we can apply the same principles and build a better system of care at a more affordable cost.

The National Association of Manufacturers stands ready, willing and able to help you and President-elect Obama implement health care strategies that increase efficiency, productivity and quality while also reducing costs.

Manufacturing Makes America Strong

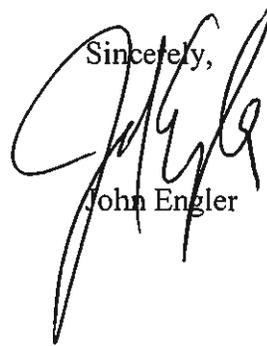


The Honorable Thomas Daschle
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November 24, 2008

I have sent President-elect Obama a letter of congratulations on his historic victory along with a pledge to work with him and his Administration as we restore confidence among consumers and investors, and get our economy growing again. A copy of my letter, along with key manufacturing priorities, is enclosed.

Again, congratulations on your new responsibilities. Please do not hesitate to contact me or my staff if we can be of assistance to you.

Sincerely,



John Engler

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Enclosure



A LETTER TO PRESIDENT-ELECT OBAMA

Working Together for American Jobs and a Stronger Economy





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A LETTER TO PRESIDENT-ELECT OBAMA

Working Together for American Jobs and a Stronger Economy





November 5, 2008

Dear President-Elect Obama:

Congratulations on your hard-won victory. The voters have expressed confidence in your leadership and now you face an array of unprecedented challenges. With the election behind us, it is a time for all Americans to put aside their differences and work together. The National Association of Manufacturers (NAM) stands ready, willing and able to help you lead our country through this time of economic uncertainty and into a new era of sustained growth.

Manufacturing employs nearly 14 million workers, contributes more than \$1.6 trillion to the U.S. economy, is the largest driver of economic growth and accounts for the lion's share of private sector research and development. Manufacturers also export some \$60 billion in products each month—far more than any other sector—and exports are rising much faster than imports. This is one of the few truly positive trends in our economy today and is central to our belief that manufacturing should be a significant part of the economic recovery.

During the campaign, you addressed many of the issues—energy, taxes, health care, education, research and development—that we see as pivotal to the future of manufacturing and the creation of new American jobs. In these and other areas of shared interest, we are eager to work with you and your Administration to strengthen our manufacturing economy, reduce unnecessary domestic cost burdens on production, develop a new generation of manufacturing workers for the 21st century and enhance our ability to compete in the global marketplace.

We share your goal of revitalizing the American economy and positioning the United States as an international economic leader. The following pages outline the key challenges facing U.S. manufacturing and our suggested recommendations for addressing those challenges. We invite you and your Administration to review our proposals and we pledge to work with you and your Administration to move manufacturing forward.

Again, congratulations on your amazing success. We look forward to working together to ensure our country's success.

Sincerely,

John Engler
President & CEO
National Association of Manufacturers

Manufacturing Makes America Strong



DOMESTIC ENERGY SUPPLY

A dynamic, growing economy requires dependable energy supplies, yet in recent decades our nation has moved steadily away from the energy security that comes from domestic production. Today, imports account for fully 60 percent of our petroleum consumption and a third of our total energy use, costing the U.S. economy \$700 billion a year. Under current policies, this imbalance will only worsen and prices will soar as

consumption outstrips U.S. production. This year we saw the kind of economic damage inflicted by a rapid rise in energy prices, reinforcing the critical need for policies that promote production of a broad range of domestic energy supplies.

Already, higher energy prices have helped cost the U.S. economy some 3.7 million jobs. Manufacturers consume a third of the nation's energy. In the last ten years, the U.S. chemical industry has gone from a trade surplus of \$20.3 billion to a trade deficit of more than \$9 billion. The forest products industry has seen more than 200 mills closed and nearly 200,000 jobs lost in the last seven years. Unlike oil, which is priced globally, the price of natural gas varies significantly from region to region because of the relative cost of shipping long distances. In the United States, federal environmental policies have promoted increased use of clean burning natural gas while simultaneously limiting access to domestic supplies, worsening a market imbalance that imposes significant costs on U.S. industry.

AGENDA

OUTER CONTINENTAL SHELF (OCS) ENERGY

Tapping the vast natural gas and oil resources on the nation's OCS in an environmentally safe manner also promotes a long-term strategy for economic growth. Congress can take an important first step by authorizing an updated inventory of energy resources on the OCS. The OCS contains enough natural gas to heat more than 100 million homes for more than 60 years. While Congress ended a 27-year moratorium and opened small portions of the OCS to exploration and production, we need certainty that this change—which is critical to the long-term ability of the U.S. to grow and retain jobs—is expanded and not reversed.

NUCLEAR POWER GENERATION

The NAM supports the expansion of nuclear power as vital to our domestic energy security and critical to meeting American manufac-

turing's growing demand for reliable, affordable, clean and environmentally friendly electricity. Nuclear power, which provides 20 percent of the nation's electricity, has to be an essential contributor to meeting the goal of a reduced-carbon future. However, our nuclear plants are aging and just to maintain nuclear energy's current share of generation, the Department of Energy forecasts that we should build three reactors per year starting by 2016. Nuclear plants generate up to 2,000 jobs during construction and approximately 700 high-paying, skilled jobs in operation. Congress can help by approving a fast-track permitting process designed to safely and responsibly expedite the approval of established reactor designs.

In order to boost the nuclear energy industry, it is also important that Congress support efforts to close the nuclear fuel cycle, support temporary storage solutions, while working out reprocessing and longer-term storage for what remains. Expanding nuclear power will bring America one step closer to domestic energy security and will provide many lasting benefits to the economy.

CLEAN COAL

The U.S. has enough coal reserves to provide current consumption needs for more than 200 years. These vast, easily accessible reserves make coal a key pillar of any serious strategy to achieve energy independence. Through clean coal technology, coal resources can be used to meet the complex requirements of state and federal environmental laws. As the federal government owns more than one-third of the country's coal reserves but generates only 20 percent of current production, the NAM also supports streamlining the coal leasing process. The NAM supports establishment of a uniform federal liability and regulatory scheme to expedite implementation of Carbon Capture and Sequestration (CCS) technology. In addition, the NAM supports incentives for the development and deployment of CCS technology.





ALTERNATIVE ENERGY RESOURCES

Renewable energy resources like wind, solar, geothermal, hydro, sustainable biomass, transportation fuels like coal-to-liquids provide alternatives to traditional fossil fuels and account for a steadily rising share of U.S. electricity generation and development. Utilizing renewable energy resources to diversify our domestic energy supply mitigates greenhouse gas emissions and provides a market for technology and equipment produced in the manufacturing sector. Currently providing almost a half million jobs, long-term employment outlooks predict that the renewable energy industry will provide close to 10 million jobs—with significant contributions from the manufacturing sector. While the NAM recognizes that Congress plays an important role in providing tax incentives and regulatory certainty, we oppose government mandates for use of alternatives to fossil fuels. It is important that Congress enact alternative energy policies that support research and development and ensure competition.

OIL SHALE

In 2005, Congress passed the Energy Policy Act, establishing a national policy for developing oil shale and oil sands. One of the first steps in the process calls for an in-depth environmental impact assessment and other activities necessary for a full-scale commercial leasing program. The largest known oil shale deposits in the world are in the Green River Formation, which encompasses portions of Colorado, Utah, and Wyoming. Estimates of the oil resources within the Green River Formation range from 1.5 to 1.8 trillion barrels. Refining these resources would create jobs in the United States and would ultimately help us meet our energy needs. The NAM believes it is important to expedite the assessment and refinement of these natural resources using responsible and environmentally safe means.

ENERGY EFFICIENCY

Manufacturers are directly impacted by the energy cost of making products. Accordingly, great strides are being made to become more energy efficient by reducing energy intensity of production. Implementing energy efficiency improvements plays a key role in holding down energy costs. Added benefits come from stretching available energy supplies and reducing greenhouse gas emissions. Greater investment in energy efficiency strategies could create two million new jobs by 2010. Congress should continue to support legislation designed to improve energy efficient building codes, promote sustainable management practices,

and support innovative technology improvements. Promoting energy efficiency may be the single most cost-effective strategy to reduce energy imports and greenhouse gas emissions.

CONCLUSION

Maintaining a viable and globally competitive domestic energy industry is crucial to achieving U.S. energy goals. Therefore, the NAM supports the development of a national energy policy that provides for increased exploration and use of all domestic energy resources. The NAM also supports a strategy that encourages exploration of and production from public lands in a manner consistent with sound environmental management. Policies that facilitate the production and use of traditional resources, as well as support the rapid development of market-based alternative energy sources and technologies, provide the best hope to meet American's energy needs—today and in the future.





ENVIRONMENT

An improved quality of life will encompass complex economic and social considerations, including clean air and water, conservation of natural and human resources, all while continuing economic development. Measures to protect environmental quality should be based on factual and scientific data, taking into account the total impact on employment, energy use, resources, land use, and other regional, national

and international social economic concerns. The goal should be to balance economic growth with responsible management of our resources and preservation of biological diversity. Those measures necessary to protect environmental quality should address identified needs and should be written to ensure that the benefits of regulation outweigh the costs of implementation.

AGENDA

CLEANER AIR

We are committed to working with your Administration and Congress to harmonize our nation's energy and environmental needs. To that end, it is important to support the deployment and development of new, energy efficient and environmentally friendly technologies that will add jobs while improving our environment. While tremendous investments have been made in recent years and continue, the New Source Review (NSR) permitting process should be streamlined and reformed to ensure that additional investments are encouraged and can be made on a cost-effective basis.

CLEAN WATER ACT

The NAM supports continued use of the term "navigable waters" in the Clean Water Act and clarification of the scope of federal jurisdiction in order to create certainty in construction of factories, refineries and power plants. The NAM believes that long-established uses of the nation's

coastal and ocean resources constitutes sound public policy. Manufacturers who rely on coastal resources, such as natural gas, as both a feedstock for products such as plastics and pharmaceuticals and as an energy source are concerned that overly broad judicial interpretations in recent cases threaten their future prospects.

CHEMICAL SECURITY

Chemical products generate sales of more than \$664 billion a year and are essential to the U.S. economy. Domestic chemical suppliers provide vital raw materials for manufacturing. The NAM believes Congress can defend this critical industry by recognizing the important steps that have been made to date for safe and secure production, use, and storage of chemical products, and ensuring that any proposed new regulations are workable, practical and affordable.

CONCLUSION

Environmental laws and regulations should be designed with care to ensure they are effective in achieving their objectives, without imposing unnecessary and adverse economic impact. Congress and the regulatory agencies should undertake rigorous economic analysis of proposed changes to environmental laws to better understand potential economic impacts and cost-benefit relationships. This will help identify sensible policy options and optimize the allocation of available resources.





TAX AGENDA

U.S. manufacturers currently face higher tax costs than most of their competitors in other countries. Our statutory corporate tax rate is the second highest among developed nations and the impact of our worldwide tax system increases the cost of

doing business for U.S. corporations and costs American jobs. The temporary R&D credit competes with more generous innovation incentives throughout the world. While lower income tax rates for individuals and investment income have had a positive impact on our economy, these preferential rates are set to expire at the end of 2010.

Fiscally responsible, pro-growth, pro-jobs tax changes will ensure that U.S. companies can compete in the global arena and keep manufacturers in the United States.

AGENDA

CORPORATE TAX RATES

Corporations play an integral role in our economy—they provide well-paying jobs, investment opportunities and high-quality products and services. In recent years our trading partners have lowered their corporate tax rates, attracting more investment and improving the competitiveness of businesses in their country. The United States has the second highest corporate tax rate in the world. According to the OECD, nine of the 30 industrialized nations had lower corporate tax rates in 2008 than in 2007, including Canada, Germany, and the United Kingdom. Reducing the corporate tax rate to 25 percent or lower would lead to greater economic growth, job creation, higher wages, improved productivity, increased investment and lower inflation.

INDIVIDUAL TAX RATES

Legislation enacted in 2001 and 2003 lowered the tax rates on individual income, leaving more money for small businesses to expand and create jobs. Small businesses represent more than 99 percent of America's manufacturers and employ more than nine million workers. About 300,000 manufacturers are organized as 'S' corporations or other entities that pay income taxes at the individual rate. We need permanent, lower individual tax rates to help revitalize the U.S. economy.

R&D TAX CREDIT

The federal R&D credit, used by nearly 18,000 companies, is a proven incentive for spurring R&D activity in the United States. The temporary nature of the credit undermines its value, disrupts R&D planning, and contributes to the exodus of domestic R&D activities and jobs. The R&D credit also is key to keeping the United States competitive in the global race for R&D investment dollars. In 2008, 21 OECD countries offered

R&D tax incentives. The U.S. R&D credit now ranks number 14 among OECD R&D tax incentives. To maintain competitiveness, the government should enact a permanent and much stronger R&D credit. This is especially needed now when companies with weak balance sheets look to cut spending and R&D could be targeted. If that happens, U.S. innovation investment is put at-risk.

TAXES ON INVESTMENT INCOME

It is critical that we make investment tax cuts permanent to encourage new investment and spur growth. The investment tax relief enacted in recent years has helped our country through challenging economic times. Lower capital gains and dividends tax rates increase savings, investment, productivity, and ultimately benefit millions of Americans.

INTERNATIONAL TAXES

Over the past 40 years, U.S. international tax laws have remained constant while the world around us has changed. Capital is more mobile, generating "tax competition" among countries. While investment abroad by U.S. companies supports U.S. exports and U.S. jobs, current tax rules make it difficult for U.S. businesses to compete. The United States taxes companies on a "worldwide" basis so income earned by a U.S. company is subject to U.S. taxes no matter where it is earned. Most of our trading partners have territorial systems and only tax income earned in their country. Under the current system, widespread "double taxation" of U.S. companies is prevalent and the ability of companies to defer U.S. tax until earnings are brought back to the United States is restricted. The NAM supports updating our tax policies to encourage international investment and U.S. jobs.

CONCLUSION

Our country's high tax costs make it more difficult for manufacturers of all sizes and in all industry sectors to compete in the global marketplace. U.S. companies face significantly higher tax rates than their competitors overseas. The benefits that stem from lower taxes—higher growth, higher incomes, higher productivity, more jobs and lower inflation—will benefit manufacturers, their workers and the overall U.S. economy.



TECHNOLOGY AGENDA

The strength of America's manufacturing economy lies in its ability to grow and become more productive through innovation. As the primary innovators in the United States, manufacturers clearly understand that Research and Development (R&D) drives both

new product development and increased productivity. Investing in innovation will help the United States weather the current economic storm and ensure our continued leadership in an increasingly competitive global market.

To invest in America's innovation economy, our focus falls on three important areas: full funding for basic R&D, universal broadband deployment, and the strong protection of intellectual property rights. Each of these areas is critical not just to manufacturers but to the nation. New products, new services, and new ways of doing business can create stability and economic growth to enable Americans to prosper.

AGENDA

FUNDING BASIC R&D

Over the past 60 years, government-funded research has contributed to major breakthroughs in science and technology, such as nuclear power, space travel, the microchip and the Internet. To ensure that groundbreaking achievements continue, it is critical that policymakers both authorize and appropriate adequate funds for important government research agencies such as the National Science Foundation (NSF), the Department of Energy, the National Institute of Standards and Technology (NIST) and NASA. This also aligns with a critical need for a strengthened R&D credit. (See Tax Agenda) The important research done by these agencies, in partnership with private sector innovators, can turn smart ideas into jobs and growth.

UNIVERSAL BROADBAND DEPLOYMENT

As the Internet becomes more integral to the nation's economic growth, it is increasingly important for policymakers to ensure that broadband supply continues to meet demand. Manufacturers' access to broadband provides limitless opportunities for advancing technology, innovation, investment and job creation. Economists project that a seven percentage point increase in broadband adoption could result in 2.4 million jobs

created or saved annually, resulting in more than \$92 billion in wages. Critically, however, future economic growth depends on the ability of businesses and individuals to easily secure broadband services without burdensome regulations.

PROTECTING INTELLECTUAL PROPERTY

In the new global climate, it is more important than ever to protect and encourage innovation. Intellectual property (IP) now comprises more than half of all U.S. exports and drives 40 percent of the country's growth. At the same time, counterfeiting and piracy cost the U.S. economy nearly \$250 billion a year, resulting in the annual loss of over 750,000 jobs. Only through stronger enforcement practices, stiffer penalties and integrated government coordination through the full implementation of the bipartisan PRO-IP Act can we stem these economic losses both at home and abroad. Fighting IP theft is only half the solution. To encourage American innovation, the United States needs an efficient and effective patent system. Stronger patents and trademarks would encourage global trade and help stimulate our economy.

CONCLUSION

Throughout the history of the American economy, great periods of growth have been spurred by flashes of innovation—from the steam engine that brought about the industrial revolution to the networking of remote computers that ushered in the Information Age. Our manufacturing economy's ability to survive, grow and thrive depends upon what steps we take to foster innovation. Through full-funding of basic R&D, the government can lay the groundwork for our economy's future successes. The universal deployment of broadband infrastructure will allow small- and medium-sized businesses across the United States to offer their innovations to the global marketplace, thus helping to create American manufacturing jobs and wealth. Finally, by strengthening and safeguarding intellectual property our innovators will be even more likely to invent the next breakthrough.





LEGAL POLICY

The American legal system annually costs our economy \$865 billion. This is equivalent to a 5 percent “tort tax” on wages, or 2.2 percent of GDP, and it is significantly higher than the costs for our largest trading partners and competitors. Our tort system

puts us at a competitive disadvantage, costing American jobs. While some significant tort reforms have occurred, it is important that we work together to continue to encourage a common-sense, fair approach to legal reform.

AGENDA

LEGAL COSTS

One of the features of the U.S. legal system that is most damaging to the economy is its cost uncertainty. A single “jackpot” judgment against a company can force it into bankruptcy and lead to the loss of hundreds or thousands of jobs. The use of alternative dispute resolution lowers legal costs and leads to additional fairness and consistency in judgments. The use of pre-dispute arbitration agreements leads to similar outcomes as well as faster proceedings. It is critical that we maintain these alternate forms of dispute resolution and continue to look for ways to maximize efficiencies in our legal process.

PREEMPTION

In today's economy, products are sold in regional, national, and global marketplaces. Few products are designed and sold in only one state or jurisdiction. National uniformity of rules and standards is essential to promoting efficiency, fairness and opportunities for growth.

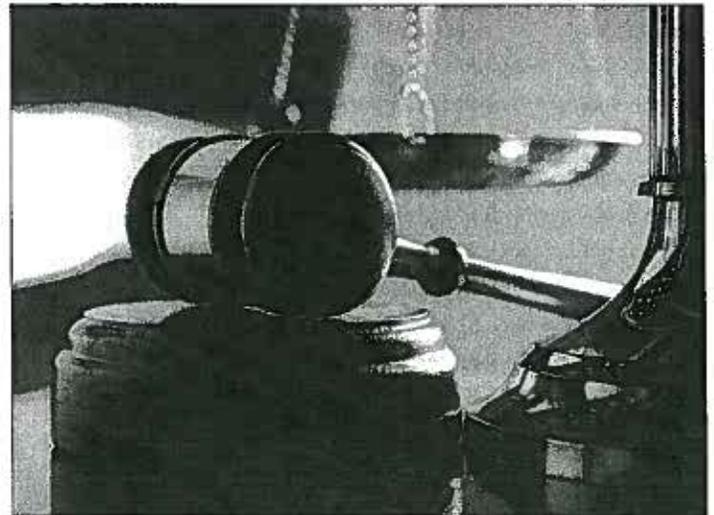
LEGAL REFORM

Litigation should not be the vehicle for the imposition of regulatory regimes. Procedural reforms are critical to restoring fairness to our legal culture. Regulation should be the result of legislative enactment and

comment rule-making by an administrative agency. These reforms would promote stability and fairness in our legal system and protect jobs. Further, abuses of the legal system continue to impose unnecessary costs that weaken manufacturers' competitiveness.

CONCLUSION

In order for the United States to maintain its competitiveness, we should foster a legal system that encourages a fair, consistent and common-sense approach.





REGULATORY POLICY

Federal regulation is estimated to cost more than \$1 trillion annually, according to a report by the Small Business Administration's Office of Advocacy. The study found that the manufacturing sector shouldered \$162 billion of the \$648 billion burden of environmental, economic, workplace and tax-compliance regulation. The same study found that the per-employee regulatory costs of businesses with fewer than

20 employees were \$7,647 or 40 percent more than the cost per worker of firms with more than 500 employees. In manufacturing, this disparity was even wider. The cost per employee for small firms (fewer than 20 employees) was \$21,919—118 percent higher than the cost per employee for medium-sized firms (20–499 employees). And it was 150 percent higher than the \$8,748 cost per employee for large firms (500 or more employees). A combination of legislative and administrative reforms have helped to reduce some regulatory and paperwork costs, but there is a long way to go to create a world-class system of regulation that generates the greatest net benefits for the country.

AGENDA

REGULATORY BURDEN

There is an urgent need to systematically review and edit The Code of Federal Regulations, the federal collection of all government regulations that is currently more than 145,000 pages. While The Code has increased in size over the decades, there has been no federal effort to edit outdated or unnecessary requirements. A federal review and sunset law should be enacted to help eliminate regulations that are no longer benefiting the public or producing results. This could unlock resources being used to comply with unnecessary requirements and create more efficiency in the economy.

REFORM OF THE BUREAUCRACY

In the current economic climate, it is critical to evaluate and understand the nation's return on investment on every dollar spent. The federal bureaucracy is vast and disconnected. One administrative agency rarely knows what another agency is doing in its regulatory programs. One estimate puts the number of federal employees dedicated to writing, administering, and enforcing regulation at 172,000. A regulatory system with stronger analysis and review functions will reduce unnecessary costs and lead to an improved environment for job creation.

CONCLUSION

In a globally competitive marketplace, manufacturers need a regulatory system that is focused on real priorities and removes unnecessary impediments to economic growth. It is also important that we avoid regulation that puts a disproportionate burden on small and medium sized manufacturers. Continued reform of our regulatory system and strengthening of institutions dedicated to analysis and review will create the highest net benefits for the U.S. economy.





TRANSPORTATION INFRASTRUCTURE

All components of the manufacturing economy are dependent on a transportation system that is currently teetering on the edge of unreliability due to aging infrastructure, growing congestion and limited capacity along the nation's top bottlenecks

and chokepoints for freight movements. Increases in travel time due to congestion and other traffic tie-ups along our highways and roadways can cost shippers and motor carriers an additional \$25 to \$200 per hour according to Federal Highway Administration estimates. This adds up to a staggering \$83 billion in congestion delays and fuel costs.

Last spring, the U.S. Congressional Joint Economic Committee reported that domestic air traffic delays cost the U.S. economy as much as \$41 billion and noted that delayed flights wasted approximately 740 million additional gallons of jet fuel in 2007. Moving along our inland waterways, more than 50 percent of the nation's grain and oilseed exports, approximately 20 percent of the coal for utility plants and 22 percent of domestic petroleum shipments find their transit impacted by undersized locks, undone dredging and by decades-old equipment.

Your Administration and Congress will face three major transportation infrastructure challenges in 2009—FAA reauthorization and advancing satellite-based air traffic control system, reauthorizing federal surface transportation programs (SAFETEA-LU), and authorizing a new Water Resources Development Act (WRDA).

AGENDA

FAA REAUTHORIZATION AND ADVANCING SATELLITE-BASED AIR TRAFFIC CONTROL SYSTEM

The 111th Congress and your Administration will need a strategy for FAA reauthorization because the short-term authorization expires on March 31, 2009. Chronic delays and an outdated air traffic control system should be addressed promptly. The NAM supports a strong, federally led partnership to guide the aerospace and aviation sectors to the transformational Next Generation Air Transportation System (NextGen). Achieving this new satellite-based system will improve passenger safety, increase airport capacity, and help reduce aviation emissions. These benefits will mean fewer delays for passengers and help airlines survive in this difficult economy.

REAUTHORIZATION OF FEDERAL SURFACE TRANSPORTATION PROGRAMS (SAFETEA-LU)

Initial work has already begun on the massive reauthorization to follow SAFETEA-LU, which expires on September 30, 2009. The following top-

line surface transportation issues will likely influence the upcoming reauthorization:

- **Additional Financing Mechanisms** – The NAM supports the *Build America Bonds* legislation introduced by Senators Ron Wyden (D-OR) and John Thune (R-SD) that will provide a one-time federal bonding program to infuse states with \$50 billion in additional capital;
- **Improving Management of Federal Resources** – Existing and future resources should be appropriately targeted to meet the most urgent needs of our manufacturing economy. Projects of regional and national significance that derive economic value and support effective goods movement should be included to maintain the compact between the federal government and highway users; and,
- **Reducing Congestion** – The next reauthorization should include a federally led effort that is dedicated to reducing freight bottlenecks and other capacity constraints that challenge the efficiency of the transportation system. The federal government has the power to lead and encourage states to accomplish the most critical investments that will help reduce the cost of congestion.

AUTHORIZING WATER RESOURCES DEVELOPMENT ACT (WRDA)

While the Water Resources Development Act of 2007 was never fully funded in the 110th Congress, the passage of the continuing resolution (CR) in September 2008 included funding for Army Corps of Engineers sponsored civil works programs at FY 2008 levels until March 6, 2009. Your Administration and the new Congress have a good opportunity to make a stronger commitment to federal investment in water related infrastructure.

CONCLUSION

The NAM believes there is an opportunity to create a new set of forward-looking policies to guarantee that the nation's transportation network is appropriately funded and can keep pace with the demands of our economy and a growing population. We believe that when investment in our transportation system increases, America and American workers win!



FAIR TRADE FOR AMERICA'S MANUFACTURERS

The NAM seeks a balanced trade policy that is fair to America's manufacturers and workers, promotes our export growth and ensures international trade rules are being enforced. One in every five factory workers owes his or her job to exports, and exports

have been the strongest part of the U.S. overall economy in 2008. We need policies that will allow export growth to continue—particularly in today's economy.

Export-oriented companies grow the fastest and pay the highest wages. But even with our recent growth, the United States exports only half as much as other major countries. If we exported at their average, we would eliminate our trade deficit and create more manufacturing jobs in America.

AGENDA

OPENING MARKETS IN OTHER COUNTRIES TO AMERICAN PRODUCTS

Most other countries' trade barriers are higher than America's, and first priority should go to lowering their barriers to comparable levels. The only way to do this is through trade negotiations, both through free trade agreements with countries or regions and through global negotiations in the World Trade Organization. Most people believe that NAFTA, CAFTA, and our other trade agreements are the cause of our trade deficit.

However, the fact is that we have a growing manufactured goods surplus with our trade agreement partners. Our trade deficit is with the countries that have not agreed to enter into trade agreements with us. That is why we need more agreements, such as those pending with Colombia, Panama, and South Korea as well as with more countries—particularly significant trading partners. The NAM also strongly supports open and transparent policies and rules on foreign investment, both inward and outward flows, as key to the health and competitiveness of American manufacturers, especially in today's global financial environment.

LEVELING THE GLOBAL PLAYING FIELD

World trade rules are set by negotiations in the World Trade Organization (WTO). We need to ensure that the current global negotiations, known as the "Doha Round," produce significant new trade opportunities for

American manufacturers and a balanced result. This has not yet been achieved, and U.S. negotiators should continue pressing for the effective outcome we need. We also need to work for effective enforcement of world trade rules to eliminate unfair subsidies and other actions that are distorting world trade, and particularly to avoid weakening our own trade laws. Additionally, global rules need to be improved to address new barriers and trade distortions affecting our trade.

PRO-EXPORT POLICY

We should ensure that U.S. national security is paramount and that effective steps are taken to prevent terrorist threats. However, these steps should be taken in ways that do not unduly hurt U.S. industry. The U.S. government has recently taken preliminary steps to eliminate obsolete rules limiting U.S. exports of sensitive high technology products, but a totally new approach is needed on "export controls"—one aimed at today's terrorist threats rather than yesterday's Cold War. We need a sensible policy guaranteeing our security while also not burdening legitimate exports. Similarly, policies with regard to port security should be developed in ways that provide that security while not impeding low-threat imports vital to America's industry. Finally, the U.S. government needs to do more in promoting exports, particularly for America's 60,000 smaller exporters.

CONCLUSION

America needs a trade policy that, particularly in a period of slower economic growth, promotes fair trade and the ability to sell more around the world. With two-thirds of the world's production and consumption taking place outside our borders, the creation of American jobs and an increased standard of living depends more than ever on competing and selling our products around the world. Fair trade policies, coupled with domestic policies that would boost our competitiveness—such as tax, energy, regulatory, worker training—are critical for our future.





HEALTH CARE

Rising health care costs are one of the biggest challenges facing manufacturers. According to the Kaiser Family Foundation, since 2001, employment-based health insurance premiums have increased 78 percent, compared to cumulative inflation

of 17 percent and cumulative wage growth of 19 percent. Our inefficient and poorly managed health care system is a threat to the competitiveness of the manufacturing industry in the global marketplace, as rising health care costs act as a disincentive to hiring new employees, creating new jobs, and investing in new technologies and facilities.

A comprehensive approach to health care reform is vital to our long-term economic security and future job growth. The solution to the rising cost of health coverage lies in pursuing a strategy that helps manufacturers continue their flexible, generous offering of health benefits while addressing the factors that influence health care costs and appropriately determining the cost burden between the public and private sectors and among consumers, payers and health care providers.

AGENDA

EFFICIENT, TRANSPARENT, DEMAND-DRIVEN SYSTEM

A more cost-effective health care system can provide better quality to more people, with more efficiency and at a lower cost. It would require public, private and individual initiatives to invest in health information technology in order to move our health care system away from the highly inefficient system we have today. Transforming health care from today's disconnected and largely paper-based system to tomorrow's electronically integrated, nationwide network of patient care will help drive system improvements while reducing redundant operations. Employers and consumers deserve and demand a more transparent health care system—one that protects patient confidentiality and develops consumer-directed health care by allowing people to compare health care plans and providers based on cost and quality of performance.

WELLNESS, PREVENTION AND CHRONIC CARE MANAGEMENT

An estimated 80 cents of every health care dollar goes to treat chronic conditions and ailments. Reducing health care expenditures through wellness and prevention and disease management requires multiple, collaborative strategies among employers, employees, and health providers. Placing an emphasis on promoting wellness programs and on

disease prevention and individual case management programs can lead to better health outcomes and reduced costs. A total health management approach should be pursued that combines preventative services, disease and case management, better assessment of the health risks of our employees and initiatives to achieve better health outcomes.

FLEXIBLE BENEFIT DESIGNS

The cornerstone of the private health care system is the health benefits that employers voluntarily offer to their employees. Under the Employee Retirement Income Security Act (ERISA), employer sponsored health plans are able to adapt to meet employee needs. Any new health plan aimed at improving the quality, cost and reach of health coverage should protect the ERISA framework.

SHARED COSTS

Uncompensated health care and reduced or inadequate government reimbursement rates shift costs onto the private sector, increasing the cost of employer-sponsored plans. Health care is not the sole burden of the private sector, nor should the government be the sole provider. Any reform effort should distribute the cost burden appropriately among the public and private sectors and among consumers, payers and health care providers.

CONCLUSION

Through experience with process improvement and flexibility in designing employer-sponsored health benefits, manufacturers can help address challenges with today's health care system. Manufacturers have streamlined their own processes and operations to reduce costs, eliminate errors and improve quality. In health care, through plan innovation, we can apply the same principles and build a better system of care at a more affordable cost. For manufacturers, it is critical that we implement a health care strategy that increases efficiency, productivity and quality while also reducing costs.



EMPLOYMENT AND LABOR POLICY

In today's manufacturing economy, success depends on fostering positive employee relations. Manufacturers understand that employee-employer relations should be conducted in a spirit of cooperation and mutual respect so that workplaces are productive and competitive.

U.S. labor and employment laws and the legal system should enhance our ability to compete in the global marketplace. Our dynamic labor market has attracted worldwide investment in our economy and changes to our current system should come only after careful consideration of the potential impacts on America's economy. Changes that lead to greater investment, higher employment rates, job growth and increased productivity would be very positive. Changes that discourage investment, cause a loss of jobs and harm our competitiveness should be strongly resisted.

AGENDA

UNION ORGANIZING

The decision to join a labor union is an important one, affecting millions of manufacturing workers and their families. Employees deserve to make these decisions in a confidential manner. We believe that the proposed elimination of the secret ballot is anti-worker. The "Employee Free Choice Act" (EFCA) interferes with the democratic process and would have a negative impact on the rights of manufacturing workers. We urge lawmakers and your Administration to recognize the importance of free and fair union elections and protect every worker's democratic right to a secret ballot.

PAID LEAVE

Manufacturers currently provide generous family-friendly benefits and leave programs to employees. Under the current law, manufacturers also have the ability to provide individualized benefits to best meet the needs of their employees. This flexibility is critical in meeting the personalized needs of employees across the country without adding burdensome costs to the employer.

DISCRIMINATION POLICY

Manufacturers strongly support equal employment opportunities for America's workers and oppose any form of unlawful discrimination. Accordingly, prompt reporting requirements for allegations of illegal

discrimination are necessary to mitigate any hint of discriminatory behavior. Eliminating the statute of limitations for filing discrimination charges would increase the opportunity for expensive and abusive litigation.

WORK SCHEDULES

To remain competitive in the global economy, employers need to be able to attract and retain workers by offering flexible work arrangements. The federal government should recognize and promote the voluntary efforts of employers to respond to individual employee needs for work schedule flexibility. In the establishment of optimum work schedules, which vary among industries, consideration should be given to productivity and employee health and safety. Efforts to impose "one size fits all" solutions to workplace flexibility hinder our competitiveness and limit the ability of employers to provide the most reasonable and flexible accommodations based on their employee and industry needs.

WORKPLACE SAFETY

As employers, manufacturers are responsible for providing a safe and healthy work environment and conducting effective occupational safety and health programs. These programs are essential to good employee relations and sound business practices. However, federal regulations and standards should be based on sound science and be feasible for employers to implement while remaining competitive. Employers should be able to design workplace health and safety programs that provide for employee participation and best fit their individual workplace environment.

CONCLUSION

Manufacturers strive to maintain positive relations while paying competitive wages and benefits. Key to maintaining this work environment is the ability of employers to have the flexibility to respond to changing market demands while still providing high quality benefits. Cooperation among employers and employees is necessary to improve economic competitiveness, especially during times of economic downturn.





EDUCATION IN AMERICA

America spends over a half trillion dollars on public elementary and secondary education annually to prepare and train its students to compete in a global workforce. However, when our students are compared against other developed nations on

standardized tests, they consistently lag behind their international peers. Additionally, manufacturers report that current workers do not have the knowledge and skills necessary for today's high-tech manufacturing jobs.

These troubling results threaten the ability of the manufacturing economy to succeed in the global marketplace. Manufacturers depend on an educated, flexible and knowledge-based workforce. It is imperative that we improve the quality of education in our primary, secondary and post-secondary school systems and in our job-training programs.

AGENDA

CAREER AND TECHNICAL EDUCATION FOR THE 21ST CENTURY WORKFORCE

Critical to any student learning program is the integration of career and technical education (CTE) with core academics. CTE provides students with job skills that are required in today's manufacturing workforce. Schools, teachers and counselors should recognize and emphasize that certifications and formal degrees—two-year, four-year and advanced degrees—are all valid options for youth choosing career paths. Integrated academic and technical training can provide a clear link between what is taught and how that knowledge is necessary in the workplace. Every student should have the opportunity to take integrated, rigorous CTE courses that encourage students to graduate and pursue more advanced skills training at the post-secondary level.

INNOVATION NEEDS SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM)

In order to maintain our innovative edge in the global economy, we need to inspire more students to pursue careers in science, technology, engineering, and mathematics (STEM). Shortages of interested STEM students, as well as shortages of qualified STEM teachers, hurt U.S. manufacturing and the economy. Better coordination between government, academia and industry is necessary to promote STEM education and to fill the talent pipeline and retain our status as the world's most creative and inventive economy.

ACCESS TO SKILLED, INTERNATIONAL TALENT

Legal, employment-based immigration has allowed small numbers of highly skilled, international personnel to put their talent to work for American manufacturers. Approximately half of all U.S. STEM graduate degrees are awarded to international students. Developing an immigration system that better reflects market demands and provides the flexibility needed to respond to specialized skill needs is critical to competitiveness and economic growth. Global competition demands the best talent in the world. If we can't find it here and won't grant visas then we will be forced to go elsewhere.

CONCLUSION

Our economy is driven by innovation and the American system of education must prepare students with the knowledge and skills necessary to compete globally. If the manufacturing economy is to continue to thrive, our schools should place a greater emphasis on CTE development, alignment and accountability, and STEM education.

America needs to be a beacon, attracting the best and brightest to the greatest land of opportunity the world has ever known. History has shown how we have benefited from the talents and genius of those who came here for opportunity and ended up creating opportunities for millions of Americans.



CONCLUSION

Manufacturers are proud of all that we have contributed through America's history in creating a prosperous, productive and free nation. Today, we join you in looking to the future and building a 21st Century America that will meet its challenges and realize its dreams. As you embark on your Presidency, we stand ready to work with you, your Administration and Congress, contributing all that manufacturing has to offer—innovation, invention, productivity and above all, the diligent efforts of America's working men and women.

