



Business RoundtableSM

Prospering Together

America's Citizens, Communities and Companies



Business Roundtable™

Business Roundtable (www.businessroundtable.org) is an association of chief executive officers of leading U.S. companies with over \$4.5 trillion in annual revenues and more than 10 million employees. Member companies comprise nearly a third of the total value of the U.S. stock market and represent more than 40 percent of all corporate income taxes paid to the federal government. Collectively, they returned more than \$112 billion in dividends to shareholders and the economy in 2005.

Roundtable companies give more than \$7 billion a year in combined charitable contributions, representing nearly 60 percent of total corporate giving. They are technology innovation leaders, with \$90 billion in annual research and development (R&D) spending — nearly half of the total private R&D spending in the U.S.



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I. Foreword

As business leaders, the members of Business Roundtable know from firsthand experience that the challenges of competition in the world economy are creating an unprecedented level of anxiety about the future for American workers, communities and companies. We also know that the United States is well-positioned to succeed in this new international economy — if the right policies are in place. Recognizing this reality, Business Roundtable convened a collaborative effort by its task forces on Education & Workforce, Energy, Fiscal Policy, Health & Retirement, and International Trade & Investment to develop this policy statement.

Fresh, dynamic and integrated domestic and international initiatives are needed to help create new opportunities for American workers and to strengthen American companies.

Success will require hard work, bipartisanship, and increased government and private sector cooperation. The CEOs of Business Roundtable are committed to doing our part to sustain American economic leadership. And we are committed to the people who will drive the innovations so vital to U.S. competitiveness — the U.S. workforce.

Business Roundtable CEOs who led this effort include:

Harold McGraw III

*Chairman, Business Roundtable
Chairman, President & CEO,
The McGraw-Hill Companies*

Michael G. Morris

*Chairman, Energy Task Force
Chairman, President & CEO,
American Electric Power*

William D. Green

*Chairman, Education &
Workforce Task Force
Chairman & CEO, Accenture*

James W. Owens

*Chairman, International Trade & Investment
Task Force
Chairman & CEO, Caterpillar Inc.*

Michael B. McCallister

*Chairman, Health & Retirement Task Force
President & CEO, Humana Inc.*

Henry R. Silverman

*Chairman, Fiscal Policy Task Force
Chairman & CEO, Realogy Corporation*



II. Executive Summary

America faces unprecedented competitive challenges in the world economy. These uncertain times are creating anxiety about the future for some American citizens, communities and companies.

To succeed in this new reality and benefit from expanded economic opportunity, American workers need programs to develop and maintain the skills needed for higher-skilled service and manufacturing jobs that increasingly characterize the U.S. economy in the 21st century. They need support when their livelihoods are threatened for whatever reason — whether it's due to increasing productivity, technological change, or domestic or international competition.

More must and should be done to help those American workers who feel unprepared for today's rapidly changing employment landscape. To that end, Business Roundtable recommends access to AMERICA 21, a 21st-century approach to lifelong learning for workers, as well as assistance for job dislocation. AMERICA 21 would channel funding from the myriad of existing initiatives into a modernized, streamlined system that leverages and builds on today's best private and public sector practices.

Additionally, Business Roundtable calls on Congress to move quickly to create a bipartisan National Commission on Workforce Competitiveness to recommend the design and funding mechanisms for AMERICA 21 based on principles of portability, flexible access, simplicity, quality and public-private partnership.

U.S. companies also need policies that will help them compete with powerful international competitors and adapt to a rapidly changing business environment driven by technological innovation; a surge in energy prices; and other economic, social and political forces.

The policies that will position America to thrive in the international economy span five interrelated domestic and international policy areas.

Intellectual Capital. The United States cannot succeed in the international economy without a well-educated, well-trained workforce. The United States needs a strong education system to prepare the next generation of workers for the ever-changing economy. Government policies that complement private sector efforts are needed to help employees keep their skills sharp and relevant to ensure that



they remain competitive. In the short term, this means renewing and improving Trade Adjustment Assistance. In the longer term, AMERICA 21 would consolidate access for all training, assistance and education programs for workers by providing a one-click, easy-to-use, consumer-friendly program.

Health Care. The rising costs of health care and growing ranks of the uninsured are sapping the competitiveness of the U.S. economy and the productivity of American workers. The United States must break through partisan gridlock regarding health care reform and long-term financial security. Business Roundtable has teamed with AARP, the Service Employees International Union (SEIU) and the National Federation of Independent Business (NFIB) to form Divided We Fail, a strategic partnership that addresses these challenges and calls for bipartisan action in the lead-up to the 2008 elections.

Energy and Environmental Stewardship. Along with health care, energy represents one of the two greatest cost drivers for American companies today, and energy and environmental challenges represent potentially serious obstacles to our nation's longer-term economic growth and well-being. A dynamic, comprehensive public and private approach that addresses all aspects of the energy challenge is needed. Business Roundtable is committed to helping create such an approach.

International Engagement. America needs fresh thinking and renewed engagement on international trade and investment issues that will match the new economic reality. New negotiating approaches and other ideas are needed to ensure that U.S. workers and companies are treated fairly by other countries; keep pace with our non-U.S. competitors that are moving forward with their own bilateral and regional trade agreements; and use U.S. international economic initiatives to promote broader U.S. values and interests.

Tax Policy. American workers and companies must be able to compete on a level playing field in the international economy. Business Roundtable recommends a tax policy that achieves closer parity in rates with our international competitors; does not disadvantage U.S. companies' international operations in terms of the taxes they pay, compared to their non-U.S. competitors; and provides appropriate incentives for research and development.

The CEOs of Business Roundtable are committed to doing our part to sustain American economic leadership and enable U.S. citizens, communities and companies to prosper in the international economy.



III. Prospering Together: America's Citizens, Communities and Companies

The United States is progressing through a defining moment, an era of unprecedented economic opportunity and unique challenges.

The international economy is our reality today. As a world leader, the United States is well-positioned to succeed in this new international marketplace and, in turn, deliver expanded economic opportunity to its citizens, communities and companies.

Business Roundtable believes the United States will succeed because our economy and values have been built on openness, diversity, ingenuity, education, fairness and competition. Americans have always been able to excel in dynamic environments because American workers, communities and companies have always been innovators.

The right blend of interdependent domestic and international policies is essential for American success.

However, international competition is fierce, and America must have the necessary policy environment in place to succeed. The fact is that today, many of our domestic and international competitiveness policies and programs are not

keeping pace with the rapidly changing needs of workers and companies, and they are putting the United States at a competitive disadvantage in the international economy.

Looking to the future, Business Roundtable believes that success in today's international economy requires bipartisan action by business, labor and government (at the federal, state and local levels) to better prepare workers, communities and businesses to compete. A forward-looking plan from the private sector and government that promotes robust domestic programs and aggressive engagement internationally is essential. This plan would help American workers prepare themselves for new and more rewarding jobs, ensure their access to affordable health care and adjustment assistance when and where needed, and help American companies maintain their competitiveness at home and abroad.

The right blend of interdependent domestic and international policies is essential for American success.



The Fundamental Issues

“The global economy is today’s reality. We must see this fact as an opportunity rather than a threat and capitalize on it. This agenda will energize growth and help American workers and companies share in the world economy’s promise.”

— **Harold McGraw III**, chairman, president and CEO of The McGraw-Hill Companies; chairman of Business Roundtable

The purpose of this policy statement is to look to the future and start the dialogue to build consensus on the right mix of policies needed for all of us — American workers, communities and companies — to win in the 21st-century international economy. In the months ahead, the private sector and government will have to work together to sort through the facts and to develop the details, but at this initial stage, we believe it essential to begin the process of building bipartisan understanding of the policies that need to be developed to address the fundamental issues confronting us.

International Competition. As business leaders, we know from firsthand experience that we face the rise of powerful international competitors — some of which were minor players a decade ago — and a rapidly changing business climate driven by technological innovation, a surge in world energy prices, and a variety of other critical economic, social and political factors. These forces require our companies to constantly innovate and find new ways to remain ahead of our competition. These forces also require domestic and international policies that will help American workers and companies maintain their competitiveness.

The fact is that today, many of our domestic and international competitiveness policies and programs are not keeping pace with the rapidly changing needs of workers and companies in the international economy.

- ▶ The United States is no longer the market of first and last resort — roughly 75 percent of the world’s purchasing power is now outside of the United States, and many U.S. workers’ jobs depend on customers around the world.¹
- ▶ In 1962, 18 of the largest 20 companies in the world were headquartered in the United States.² By 2004, only four of the largest 20 nonfinancial companies and four of the largest 20 financial companies were headquartered in the United States.³
- ▶ In 1960, 70 of the top 100 industrial companies were headquartered in the United States. By 2005, only 38 companies were in the top 100.⁴



Workforce Anxiety. Business Roundtable members take very seriously the need to create opportunities for American workers. Even as the United States prospers overall in the world economy, some Americans experience declining earnings and job instability. Workers have lost their jobs because of domestic or international competition, new technology, or increasing productivity. Overall, U.S. economic growth provides little solace to the American worker who is worried about not being able to afford health care or having the skills to get another job.

- ▶ Most U.S. workers will have more than 10 jobs over the course of their lifetime.⁵
- ▶ In America today, 85 percent of all new jobs require some level of postsecondary education, and 80 percent of the fastest-growing occupations require postsecondary preparation.⁶
- ▶ A growing number of American jobs — 31 million, nearly one in five — now involve international trade.⁷

Future of U.S. Economy. U.S. economic growth is dependent on the worldwide economy. International competition is here to stay, and the United States cannot wish it away. To remain successful in the 21st century, U.S. workers and companies have to think and operate internationally; they need to be able to compete effectively in both the U.S. and world markets.

- ▶ America's international trade — its exports and imports — represents more than 25 percent of U.S. national income.⁸
- ▶ The United States is the top-ranking country for inward investment. In 2006, foreign manufacturers invested \$68 billion in American operations.⁹
- ▶ U.S. companies with international operations generate 25 percent of total U.S. output (though they account for less than 1 percent of U.S. firms) and have accounted for over half of the increase in U.S. productivity growth between 1995 and 2000.¹⁰
- ▶ U.S. companies are exporting at record levels — \$1.4 trillion in 2006 alone.¹¹



IV. Moving Forward

We need to move forward on key interrelated domestic and international policy issues that will maintain and improve the competitiveness of American workers and companies, including:

- ▶ Intellectual capital
- ▶ Health care
- ▶ Energy and environmental stewardship
- ▶ International engagement
- ▶ Tax policy

Intellectual Capital

“In an increasingly competitive world economy, our companies are committed to advocating for policies that will ensure a sound future for our nation’s workforce. People are going to need lifelong education and training to prepare them to meet 21st-century challenges and maintain our nation’s competitive edge.”

— William D. Green, chairman and CEO, Accenture; chairman, Business Roundtable Education & Workforce Task Force

Our world economy places a premium on the use of intellectual capital to maintain a competitive advantage. Promoting reform and investment in education and in research and development (R&D), maintaining labor force flexibility, protecting intellectual capital, and adopting immigration¹² and patent policies that encourage intellectual achievement are U.S. strengths that must be preserved and enhanced.

One important requirement for success in the international economy is smart, educated and motivated people — both employees and customers. Education has always been the key to success, but in today’s economy, education also is critical for individuals to acquire the skill set that enables them to command high wages in a knowledge-based economy.¹³ There is an international marketplace for talent, and the demand in the United States for educated and skilled workers is rapidly exceeding the supply — from nurses to technicians to engineers.¹⁴



Education. Business Roundtable is deeply concerned that the United States is not adequately preparing our students to succeed in a highly competitive world economy. This is not just an economic concern; there is a moral imperative to ensure that America's youth are prepared for college, work and citizenship when they graduate from high school.

Although there have been modest gains in U.S. education performance that demonstrate education reform is working, the United States is no longer the world's leader in high school and college graduation rates.¹⁵ There is a need for greater accessibility, affordability and accountability in higher education,¹⁶ and unacceptable achievement gaps persist, both domestically for poor and minority students as well as internationally in math and science.¹⁷

The United States will not be able to sustain its scientific and technological superiority if we do not develop the next generation of scientists and engineers.¹⁸ We must improve math and science education, inspire American youth to study and enter related fields, reform immigration policies to recruit and retain highly educated foreign talent and increase funding for basic research — especially in the physical sciences and engineering.¹⁹

Business Roundtable has devoted substantial energy to working with federal and state policymakers, education leaders and other stakeholders to develop policies that address these issues and is committed to continue and strengthen these efforts.²⁰

Business Roundtable believes retraining and skills enhancement should be an ongoing endeavor for employees.

Workforce. Business Roundtable members are among the largest employers in the United States. We know from experience that employees are our greatest asset. That is why the private sector and government must address such critical workforce issues as the need to provide education and training that prepares Americans for the higher-skilled service and manufacturing jobs that increasingly characterize the U.S. economy; the need to provide lifelong learning that keeps skills up-to-date for a dynamic economy; and the need to assist Americans whose jobs have been dislocated.

Business Roundtable believes that in today's economy, we should not differentiate between people who lose their jobs because of trade and those who lose their jobs because of new technologies or increasing productivity. More importantly, retraining and skills enhancement should be an ongoing endeavor for employees.²¹



The United States needs both a short-term and a long-term strategy:

- ▶ For help after job dislocation, Business Roundtable has been a strong supporter of Trade Adjustment Assistance (TAA) and is, in the short term, committed to continue its support for TAA.
- ▶ Over the long term, however, the well-being and competitiveness of American workers and the competitive need of American companies to have access to a well-educated and well-trained workforce requires re-evaluation of existing programs like TAA and the Workforce Investment Act (WIA). We need to redesign these programs to better align them with the current and future needs of workers and employers.

AMERICA 21: A 21st-CENTURY APPROACH FOR WORKERS

Our goal should be to create access to a new system that would promote lifelong learning by providing education and training to Americans and assistance to dislocated workers regardless of the cause of their job loss. Business Roundtable recommends that this new approach should:

- ▶ Incorporate the following principles:
 - portability of benefits
 - flexible access to benefits depending on need
 - simplicity
 - quality
 - public-private partnership
- ▶ Consolidate funding for current government workforce training and adjustment programs and use that funding more effectively and efficiently, plus additional investment, as needed, to create access to a redesigned system for lifelong learning and transition assistance.
- ▶ Be developed by a high-level national commission because the AMERICA 21 approach is critically important and a major undertaking. Business Roundtable believes that it is essential for Congress to move quickly to create a bipartisan National Commission on Workforce Competitiveness.



The National Commission on Workforce Competitiveness would (1) undertake a comprehensive review of local, state, and federal training and adjustment programs to determine how existing funding can be used more effectively and efficiently; and (2) recommend the design and funding mechanisms for a new system that builds on best practices and creative ideas, including coordination of federal, state and private programs as well as incentives to promote private sector and individual initiatives. The Commission also should consider:

- ▶ **A portable tax-advantaged fund** that empowers individuals to play an active role in their own lifelong learning and planning for employment transitions. (For example, an employee transition fund, into which workers, employers and government could contribute, would provide individuals with the flexibility to upgrade their skills on an ongoing basis and, in the case of job loss, have the option to draw on funds in the account for health insurance, moving expenses or other qualified expenses during transition between jobs.)
- ▶ **Twenty-first-century “one-stop shops”** for workers to access, for example, current and easily understood information about labor markets trends, education and skill requirements, job opportunities, self-assessments, and available local, state, and federal assistance and training.
- ▶ **Innovative financing mechanisms** to encourage business initiatives. (For example, the 2nd Chance Partnership for America, a group of New York City-based companies, recently proposed the creation of a refundable earned tax credit to encourage employers to invest in more training or reimburse nonprofit organizations that carry out effective training programs.)
- ▶ **Coordination of benefits** so that workers can easily access public programs and/or company-sponsored programs for education, training and health care as well as company severance benefits.
- ▶ **Partnerships with states** to promote new ways for states and communities to fund local training programs to make the training and adjustment opportunities more accessible to workers. (For example, new incentives for state bond initiatives could be used to fund long-term education and skills training.)



- ▶ **Lifelong learning initiatives** that build an important education asset in the United States — community colleges. These institutions are poised to become even more closely aligned with the needs of the labor market and adult learners.

Moving to the AMERICA 21 approach represents a fundamental change in American labor market policy that will require strong visionary leadership from business, unions and the government. A major endeavor of this magnitude must include a thorough evaluation of existing programs to tie all our resources together more effectively and efficiently.

Health Care

“There must be shared responsibility among payers, providers and consumers to reduce health care costs and expand access; there is a role for the government, for employers and for consumers of health care services. Ensuring value and efficacy in health care is critical to ensuring that American workers and businesses remain competitive in an evolving world economy.”

— Michael B. McCallister, *president and CEO, Humana Inc.; chairman, Business Roundtable Health & Retirement Task Force*

The rising cost of health care premiums and the fear of losing health care coverage altogether are undermining our social and economic well-being. Spiraling medical costs are a serious economic threat to companies that provide health care benefits to their employees and retirees, and are eroding the incomes of Americans who pay for their own health insurance. The ranks of the uninsured are growing, placing strains on government programs, discouraging prevention and delaying treatment. These developments are sapping the productivity of American workers and the competitiveness of the U.S. economy.²²

Business Roundtable companies serve a crucial role in the health care debate, covering 35 million people, one-third of all Americans who get health insurance from a private employer.

Addressing the health care pressures that America is facing is of top priority, and to help address this problem, Business Roundtable is a founder of Divided We Fail, a highly visible strategic partnership dedicated to engaging the American people,



businesses, nonprofit organizations and elected officials in finding bipartisan solutions to ensure affordable, quality health care and long-term financial security for all Americans. Other founding members of the coalition include AARP, the Service Employees International Union (SEIU) and the National Federation of Independent Business (NFIB). Divided We Fail seeks to change the political dynamic regarding health care reform and long-term financial security leading up to the 2008 elections. The partnership has endorsed specific federal bills on health information technology and health care transparency, and worked to oppose ill-advised legislation that would cost-shift onto employer-provided health plans.

Business Roundtable companies serve a crucial role in the health care debate, covering 35 million people, one-third of all Americans who get health insurance from a private employer. The Roundtable supports enactment of legislation to set uniform standards for interoperable health information technology. When it comes to wellness, Business Roundtable companies understand its importance. That's why Roundtable companies are working with employees to prevent disease and life-threatening illnesses.²³

Energy and Environmental Stewardship

“Global growth, energy consumption and supply limitations render energy a top cost driver for American businesses. As a country, we must aggressively seek solutions to address these obstacles through new technologies, energy efficiency and the identification of more diverse, domestic sources. Our commitment to meet these challenges will ultimately determine our energy security, future energy affordability and our ultimate success in the global economy.”

— Michael G. Morris, chairman, president and CEO, American Electric Power; chairman, Business Roundtable Energy Task Force

The environmental and energy challenges facing the world are potentially serious obstacles to economic growth and can only be managed by thoughtful and far-sighted government policies and business strategies. Threats to water quality and quantity, rising greenhouse gas emissions and the risk of climate change, and increasing energy prices and growing demand are all issues of serious concern to domestic and international policymakers and business leaders. Business Roundtable advocates comprehensive approaches to these challenges that draw on the best available technology and assure that stewardship of our environment and energy



resources is combined with policies that promote economic growth. Proactive and voluntary measures for meeting our energy and environmental needs — through business leadership in energy efficiency, sustainable use of natural resources and reduction of greenhouse gas emissions — will continue to be a top priority of Roundtable CEOs.

Business Roundtable is committed to helping create a dynamic, comprehensive public and private approach that addresses all aspects of the energy equation: increased conservation, energy efficiency, enhanced domestic energy supplies and availability, and investment in new fuels and energy-efficient technologies.

Energy is now one of the two greatest cost drivers for American business (in addition to health care). The United States can no longer be assured of the low-cost energy that historically has helped fuel U.S. economic growth — newly industrialized countries and supply constraints are putting, and will continue to put, strong upward pressure on the cost of energy to American companies and consumers. As the world's biggest user of energy, these cost pressures have a major adverse effect on U.S. firms' competitiveness. They also have a major impact on all Americans' standard of living.

Business Roundtable is committed to helping create a dynamic, comprehensive public and private approach that addresses all aspects of the energy equation: increased conservation, energy efficiency, enhanced domestic energy supplies and availability, and investment in new fuels and energy-efficient technologies. The Roundtable's energy strategy, *More Diverse, More Domestic, More Efficient*, was released in 2007.²⁴

International Engagement

"U.S. economic growth depends today on the world economy. America's international trade now represents more than 25 percent of our national income, and more than 31 million Americans work in trade-related jobs. We need international trade policies and agreements that recognize these facts."

— James W. Owens, chairman and CEO, Caterpillar Inc.; chairman, Business Roundtable International Trade & Investment Task Force

In the international arena, the facts demonstrate unequivocally that we cannot turn inward. International trade and investment initiatives must continue to move forward. These initiatives are essential to help U.S. workers and companies



maintain their competitive edge in the world economy, and to promote U.S. economic, foreign policy and national security interests along with U.S. values in areas such as labor, the environment, intellectual property, and economic and political development.

Embracing isolationist policies or turning our backs on worldwide trade and investment has never worked for the United States and will not work now. At another time of economic anxiety and discontent, America reacted with fear — fear of foreign competition — and elected leaders erected high tariff walls and capital restrictions. They thought that restricting international trade and investment would spur the economy, but it had quite the opposite effect. Lost confidence in America's ability to compete and disengagement from the world economy were disastrous in the 1930s, and they would be today.

As we move ahead, fresh thinking and a practical re-examination of U.S. international trade and investment initiatives are needed to ensure that we have a plan of action for the years ahead. We need to consider new ideas on how to ensure that U.S. workers and companies are treated fairly by other countries; how to

Embracing isolationist policies or turning our backs on worldwide trade and investment has never worked for the United States and will not work now.

keep pace with our foreign competitors who are moving forward with their own bilateral and regional trade agreements, giving their workers and companies an advantage over ours; and how best to use U.S. international economic initiatives

to promote broader U.S. interests. For example, the May 2007 understanding between the Administration and Congress on how to deal with labor and environmental issues in trade agreements provides a sound framework to move forward on those important issues. Business Roundtable has already started to make its contribution to this important debate. In September 2006, it issued *Expanding Economic Growth through Trade and Investment: A Blueprint for U.S. Leadership in the 21st Century*, which is a comprehensive discussion of new ideas that could form the basis of a winning international trade and investment policy for the future.



Tax Policy

“The future of the U.S. economy rests on the ability of American workers and entrepreneurs to leverage their creativity and productivity in world markets. U.S. tax rules that provide a level playing field for American corporations to build and sell overseas are essential to providing a platform for the future growth of the U.S. economy and higher living standards for American workers.”

— Henry R. Silverman, chairman and CEO, Realogy Corporation; chairman, Business Roundtable Fiscal Policy Task Force

The United States needs an updated approach to tax policy that recognizes that American workers and companies must be able to compete successfully in the international economy. Expansion by U.S. companies into world markets results in more jobs — and better-paying jobs — for American workers.

The United States was one of the first countries to recognize the importance of tax rules that would allow its companies to succeed in the international economy. More than 20 years ago, the United States reduced its corporate tax rate from one of the highest rates in the world to one of the lowest. Our foreign competitors took notice of this change in U.S. tax policy and went forward with major reforms of their own corporate tax systems, while the United States sat still. Today, the United States once again has one of the highest corporate tax rates in the world. As noted in a recent Treasury Department study, the high U.S. corporate tax rate can serve as a competitive disadvantage for U.S. workers and companies.²⁵ However, any base-broadening reforms required to achieve reductions in the corporate tax rate must be carefully evaluated to ensure that the overall reform actually enhances international competitiveness and growth of the U.S. economy. Reforms also should provide appropriate transition relief for taxpayers to minimize dislocations.

As U.S. companies seek to expand into foreign markets through foreign operations that serve as export platforms for U.S. workers, competitive tax policy requires not just a competitive corporate tax rate, but tax rules that treat foreign earnings of U.S. companies on a level playing field with the rules of their foreign competitors. Our major trading partners do not impose current taxes on the active



foreign business operations of their international companies — either permitting home-country taxes to be deferred while foreign earnings remain invested abroad, or exempting foreign earnings from home-country taxation entirely. It is essential that U.S. international tax rules provide a level playing field between U.S. companies operating abroad and their foreign competitors. In particular, further limitations on deferral would competitively disadvantage U.S. workers and U.S. companies to the benefit of foreign-owned companies.

Finally, competitive tax policy must maintain the United States' lead in innovation and technology. Technological advancement made possible through R&D performed in the United States is a key contributor to our nation's productivity gains and our rising standard of living. A strengthened and permanent R&D credit can help maintain our nation's technological edge in the 21st century.

Expansion by U.S. companies into world markets results in more jobs — and better-paying jobs — for American workers.

In summary, in order to maximize economic growth and level the international tax playing field for American workers and companies, U.S. tax policy needs to (1) achieve closer parity in corporate tax rates with our international competitors, (2) permit U.S. companies that operate internationally to operate on a level playing field with their foreign competitors by not limiting deferral and (3) provide meaningful incentives for R&D.



V. Conclusion

This brief policy statement is not intended to encompass a complete competitiveness agenda. Indeed, economists identify a dozen drivers and enablers of a dynamic, competitive and thriving economy:

- ▶ entrepreneurial culture
- ▶ strong institutions and laws
- ▶ productive and skilled workforce
- ▶ open and competitive markets
- ▶ sound fiscal policy
- ▶ robust and transparent financial markets
- ▶ quality health care system
- ▶ clean and sustainable environment
- ▶ secure and reliable energy supplies
- ▶ world-class education system
- ▶ robust investment in R&D
- ▶ modern and efficient infrastructure

In many of these areas, the United States holds a strong competitive advantage over other countries and provides a model for the rest of the world. In others, we face serious disadvantages.

This paper is a starting point for a conversation that U.S. workers, policymakers and business leaders need to further develop. With the upcoming 2008 election, along with a new Congress and Administration in 2009, it is in everyone's interest that the public and private sectors work together to ensure a dynamic, competitive and thriving U.S. economy.

We must preserve and expand the high standard of living the United States has historically enjoyed. And it is equally necessary to create a business environment in which our leading corporations will invest strongly and create significant value — producing jobs, wealth and opportunities for Americans. The CEOs of Business Roundtable are committed to sustaining U.S. economic leadership. And we are committed to the people who will drive the innovations so vital to U.S. competitiveness — the U.S. workforce.



VI. Endnotes

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11. Raymond J. Mataloni and Daniel R. Yorgason, “Operations of U.S. Multinational Companies: Preliminary Results from the 2004 Benchmark Survey,” *Survey of Current Business*, November 2006; Carol Corrado, Paul Lengermann and Larry Slifman, “The Contribution of Multinational Corporations to U.S. Productivity,” Finance and Economics Discussion Series Paper 2007-21, Federal Reserve Board, February 9, 2007.

12. Business Roundtable supports reforming visa and immigration policies to enable the United States to attract and retain highly educated foreign talent.

13. Education pays in higher earnings and lower unemployment rates:

Unemployment rate in 2006 (percent)	Education attained	Median weekly earnings in 2006 (dollars)
1.4	Doctoral degree	\$1,441
1.1	Professional degree	1,474
1.7	Master’s degree	1,140
2.3	Bachelor’s degree	962
3.0	Associate degree	721
3.9	Some college, no degree	674
4.3	High school graduate	595
6.8	Less than a high school diploma	419

Note: Data are 2006 annual averages for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: Bureau of Labor Statistics, *Current Population Survey*.

14. *Occupational Outlook Handbook, 2006–2007 Edition*.

15. See slides from presentation by Andreas Schleicher at the Asia Society, December 5, 2007, based on data from the Organization for Economic Cooperation and Development, available at <http://internationaleled.org/PISA2006AndreasSchleicherpresentationNYC.ppt>, slide No. 4 (“School completion: A world of change in the global skill supply, approximated by percentage of persons with high school or equivalent qualifications in the age groups 55–64, 45–55, 45–44 and 25–34 years”) and <http://internationaleled.org/PISA2006AndreasSchleicherpresentationNYC.ppt>, slide No. 6 (“College-level graduation rates: Percentage of tertiary type A graduates to the population at the typical age of graduation”).



16. For example, see recommendations in the Secretary of Education's Commission on the Future of Higher Education, *A Test of Leadership: Charting the Future of U.S. Higher Education*, U.S. Department of Education, September 2006, available at www.ed.gov/about/bdscomm/list/hiedfuture/reports/final-report.pdf.
17. To see current data on domestic achievement gaps in math and reading, refer to http://nationsreportcard.gov/math_2007/m0001.asp and <http://nces.ed.gov/nationsreportcard/pubs/main2007/2007496.asp#section1>. For data on the international gap in math and science, refer to Baldi, S., Jin, Y., Skemer, M., Green, P.J., and Herget, D. *Highlights from PISA 2006: Performance of U.S. 15-Year-Old Students in Science and Mathematics Literacy in an International Context* (NCES 2008-016), 2007. National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Washington, DC, available at <http://nces.ed.gov/pubs2008/2008016.pdf>.
18. Business Roundtable is leading the Tapping America's Potential coalition, initiated in 2005 by 16 national business organizations to double the number of science, technology, engineering and mathematics graduates with bachelor's degrees by 2015. The America COMPETES Act of 2007 addresses this critical need.
19. Business Roundtable, *Tapping America's Potential: The Education for Innovation Initiative*, 2005, available at www.tap2015.org.
20. For example, Business Roundtable launched a 50-state initiative in 1990 to promote system reform based on nine essential components of a successful education system. Information is available at <http://64.203.97.43//taskForces/taskforce/document.aspx?q=6975BF159F849514481138A74EB1851159169FEB56A3B>. More recently, the Roundtable joined with the U.S. Chamber of Commerce to lead the Business Coalition for Student Achievement's advocacy for strengthening and reauthorizing the No Child Left Behind Act (see www.biz4achievement.org).
21. American Society for Training & Development estimates that the private sector spent \$127.9 billion on employee learning and development in 2006.
22. Business Roundtable, *Health Care Costs in America: A Call to Action for Covering the Uninsured*, Business Roundtable Principles for Reform, 2007, available at www.businessroundtable.org/pdf/Health_Retirement/Business_Roundtable_Principles_for_Reform_06062007.pdf.
23. Business Roundtable, *Doing Well through Wellness: 2006-07 Survey of Wellness Programs at Business Roundtable Member Companies*, 2007, available at www.businessroundtable.org/pdf/Health_Retirement/BR_Doing_Well_through_Wellness_09192007.pdf.
24. www.businessroundtable.org/pdf/Energy/Business_Roundtable_Energy_Report_06062007.pdf.
25. U.S. Department of the Treasury, *Approaches to Improve the Competitiveness of the U.S. Business Tax System for the 21st Century*, December 20, 2007.





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