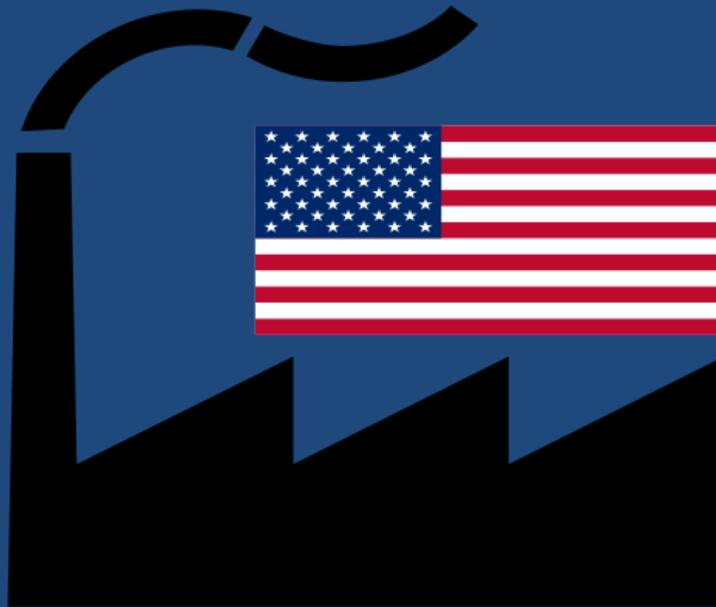


Made in America

A Plan to Promote American Manufacturing and
Revitalize our Economy



CONGRESSMAN MIKE FITZPATRICK

WWW.FITZPATRICK.HOUSE.GOV

“Made in America” stands for quality, value and ingenuity. It is time we start expecting the same from our Federal Government.

Congressman Mike Fitzpatrick, 9/7/2012

Made In America

This summer, I had the privilege of visiting 100 businesses in 100 days to get a firsthand account of the state of our local economy. I cannot thank employers enough for taking the time to provide me with the critical insight we need to put our economy back on the right track for a lasting recovery.

Despite the recent economic downturn, the United States is still home to the world's largest manufacturing sector. In fact, some of the most insightful visits this summer were with our local manufacturers.

Ranging from cutting edge medical device suppliers to innovative biotechnology companies to traditional fabrication, manufacturing provides stable, high-wage employment for thousands of families in our community. According to the National Association of Manufacturers, the 8th Congressional District is home to over 700 manufacturing facilities that sustain 36,581 manufacturing jobs; 17,291 jobs are supported by exporting manufactured goods.

Manufacturers in America produce nearly \$4.5 trillion worth of manufactured goods every year - about 20% of all goods worldwide. The United States still matches China in output, and we do this with a workforce that is nearly one-sixth the size of the Chinese workforce.

However, one of the biggest threats to our economic and national security is the intense pressure on our manufacturing sector from our European and Asian competitors. Some of the pressure is due to the nature of competition where Americans consistently rise to the challenge. Unfortunately, some of the pressure is due to competitors not playing by the rules.

Failure to address the challenges facing manufacturers here at home will result in the loss of an export engine which will fuel our economic recovery.

In this report, I organized the consistent themes I heard from local manufacturers into legislative proposals. I look forward to sharing them with my colleagues.

In working to support American manufacturing, we must:

- Lower taxes & promote certainty to encourage business to remain in the United States
- Rein in overreaching, ineffective and onerous federal regulations to help businesses grow
- Promote American energy security and develop domestic energy
- Engage "Buy American" & other pro-growth initiatives

Made in America - Congressman Mike Fitzpatrick

- Encourage Workforce Development
- Invest in Infrastructure
- Support American Exports
- Pursue Fair Trade
- Combat Corporate Espionage

By pursuing these common-sense initiatives, we can empower American manufacturers to lead our economic recovery.

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Mike Fitzpatrick
Member of Congress PA-08

Lower Taxes & Promote Certainty

The Alliance for American Manufacturing cites revising our nation's tax policy as one of the most important steps in the plan to save American manufacturing.

The U.S. has the second highest corporate tax rate of any industrialized country, and it has remained unchanged for the past twenty-four years. The high tax rates drive investment, and therefore jobs, overseas.

We must require everyone, from the top to the bottom, to pay their fair share of taxes; however, we must ensure that our tax code is not punitive and instead allows manufacturers to thrive.

I am supporting several important pieces of legislation to address this barrier to manufacturing job creation:

- **H.R. 609 - The American Competitiveness Act** to lower the corporate tax rate from around 35% to 25%. Passing this bill is a step toward ensuring that we are internationally competitive.
- **H.R. 674** - to repeal the 3% Withholding Rule. Beginning in 2013, federal, state, and local governments would have been required to withhold three percent of all government payments made to contractors in excess of \$100 million. While the law has been delayed multiple times, its effect would have imposed accounting burdens on governments and potentially harmful cash flow disruptions for contractors and subcontractors across all sectors. I co-sponsored the bill and voted to repeal this burdensome requirement and relieve manufacturers and many others providing goods and services under government contracts from the uncertainty the impending law is creating.
- **H.R. 2443 - The Tax Credit to Hire Veterans Act of 2011** to provide immediate expensing benefits to small businesses that hire veterans, including manufacturers, in an effort to both create jobs and free up capital for business owners to invest and expand their operations
- **H.R. 8** - Extends, for one year, the tax rates that have been in place since 2001 and 2003. Nearly seventy-five percent of small businesses are organized as pass-through entities whereby many manufacturers would receive a tax hike. According to a recent study by Ernst & Young, this tax hike would shrink the economy by 1.3 percent, result in the loss of 710,000 jobs, reduce investment by 2.4 percent, and reduce wages by 1.8 percent. H.R. 8 also maintains the 2010 estate tax compromise that provides a \$5 million exemption and 35 percent estate tax rate.

Rein in Regulations

According to the Small Business Administration, federal regulations place a \$1.75 trillion strain on our already weakened economy annually. The SBA estimates the cost of these regulations to break down to an average of \$10,585 per employee which can take a small business which employs 20 workers from \$200,000 in profit to a point at which they barely break even.

There are several measures before the House of Representatives which restore common-sense to regulatory process, protect consumers, and promote growth:

- **H.R. 10 - REINS Act** to require Congress to take an up-or-down, stand-alone vote, and for the President to sign-off on all new major rules before they can be enforced on the American people, job-creating small businesses, or State and local governments.
 - Major rules are those that have an annual economic impact of \$100 million or more.
 - Last year, 100 major rules were finalized by the Executive Branch.
- **H.R. 910 - Energy Tax Prevention Act** to prevent the EPA from instating a cap and trade-style system to regulate greenhouse gas emissions; passed the House on April 7, 2011.
- **H.R. 2401 - Transparency in Regulatory Analysis of Impacts to the Nation (TRAIN) Act** would require an interagency committee to analyze the cumulative economic impacts of certain environmental regulations in an effort to better understand how these policies affect American manufacturing, global competitiveness, energy prices, and jobs, and specifically delay the final date for both the Utility MACT and CSAPR rules until the full impact of the Obama Administration's regulatory agenda has been studied.
 - NERA Economic Consulting has estimated preliminary costs for the two rules to be \$17.8 billion annually, and a total cost of \$184 billion (present value) for the period 2011-2030.
 - NERA Economic Consulting also estimates that the rules will result in price increases of 12% nationally in 2016 and as high as 24% in certain states, and 1.44 million lost job-years by 2020.
- **H.R. 6161 – Fostering Innovation Act** reduces misguided regulations imposed by the decade-old Sarbanes-Oxley Act on emerging companies. The bill, which I introduced, specifically targets Section 404b of Sarbanes-Oxley to raise the threshold of external audit of internal controls which is a major deterrent to the growth of emerging manufacturers.

Promote American Energy Security

Moving toward energy independence will create demand for domestically manufactured goods and lower the cost of energy for U.S. businesses, which small and medium sized firms cite as one of the largest burdens on their bottom line.

We must work to promote American energy security and maximize domestic energy production:

- **Support construction of the Keystone XL Pipeline**, which Americans overwhelmingly support as it will create tens of thousands of jobs and enable us to increase oil imports from friendly Canada. The House of Representatives has voted to advance this project multiple times since Fall 2011 (H.R. 3408, H.R. 1938)
- **H.R. 1229 - Putting the Gulf of Mexico Back to Work Act** to direct the Secretary of the Interior to make a decision on whether to grant or deny a drilling permit within 30 days of receiving an application.
- **H.R. 1230 - Restarting American Offshore Leasing Now Act** to require the Department of the Interior to auction offshore oil and gas leases in the Central and Western Gulf of Mexico, as well as in an area off the coast of Virginia.
- **H.R. 1231 - Reversing President Obama's Offshore Moratorium Act** to lift the President's *de facto* ban on new offshore drilling by requiring the Administration to move forward on American energy production in areas estimated to contain the most oil and natural gas.
- **H.R. 4480 - Domestic Energy and Jobs Act** to direct the Secretary of Energy (DOE) to develop a plan to increase the percentage of federal lands leased for oil and gas exploration, development, and production.

I also helped introduce **H.R. 1861** and **H.R. 3410**, two bipartisan bills to open up additional, responsible offshore and onshore oil and gas drilling.

Each of these bills takes the royalties from these new leases and invests in a fund for rebuilding our infrastructure.

H.R. 1861 also makes investments in renewable energy technologies. This will help lower the cost of energy, boost the renewable energy industry in our district, and create jobs in the construction and manufacturing sectors.

"Buy American" & Pro-Growth Initiatives

Responsible consumers have a right to know where the products that they buy were made.

We must proceed with “Buy America” carefully – we want American manufacturers to be able to compete fairly as they are producing the best products, not because they are entirely insulated from market competition. Robust but fair competition produces better products.

Manufacturing Extension Partnerships (MEP), like the DVIRC in our region, provide invaluable training, counseling, and market opportunities to manufacturers. I have consistently supported providing federal funding to MEP, and most recently sent a letter to the Appropriations Committee in support of full funding for FY13.

Workforce Development

Many manufacturers have skilled positions going unfilled even as U.S. joblessness remains at a troubling level. This problem deserves exposure at high levels of government.

We must promote the development of a 21st Century workforce to effectively compete in a 21st Century economy:

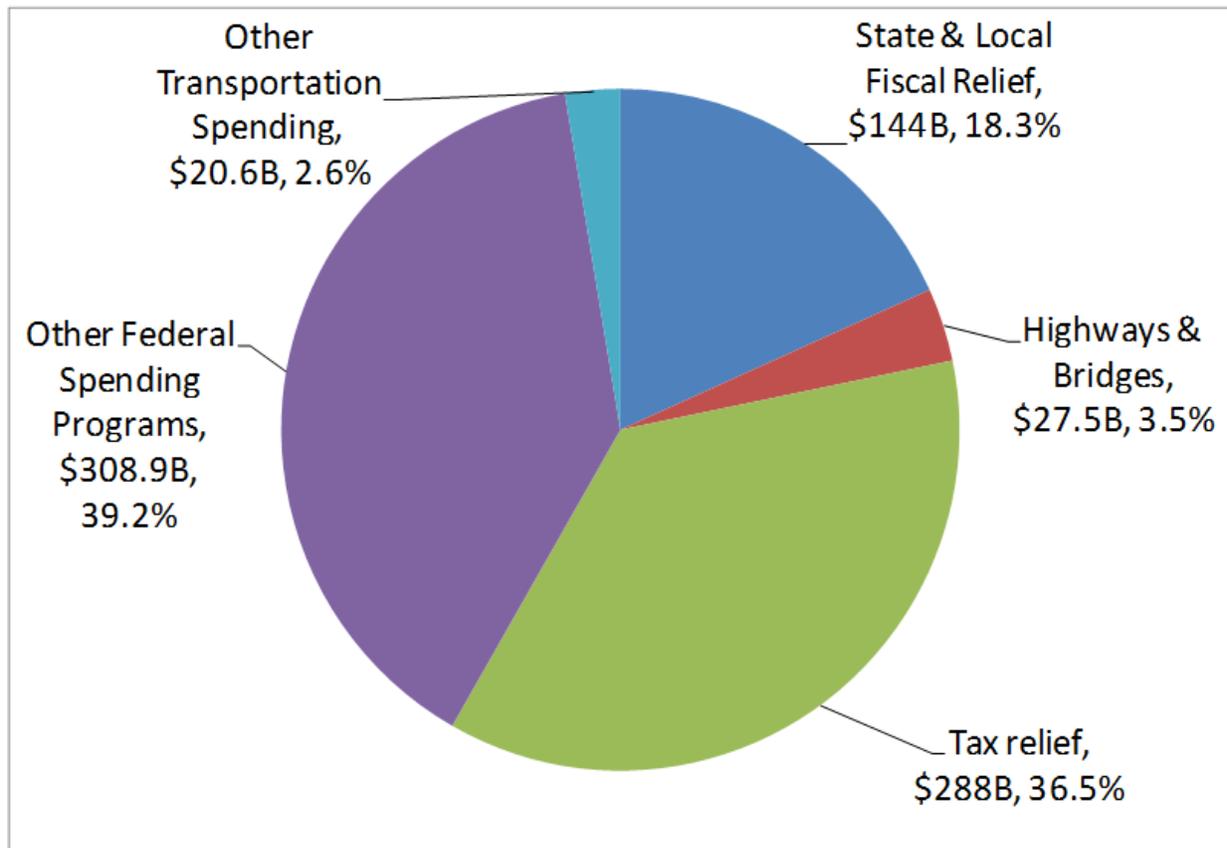
- We must reverse the cultural shift that has led to the stigmatization of two year degrees and vocational-technical training. Guidance counselors, teachers, principals, parents, and students themselves must recognize that there are thousands of good-paying, family-sustaining, skilled jobs available to them.
- We must strengthen STEM education, and provide flexibility in the way that federal education dollars are used. The United States government invests billions of dollars each year in workforce development programs with limited impact. Directing priority to education and training which results in nationally portable, industry-recognized credentials will be good for workers and enable manufacturers in America to maintain their global leadership.
- Finally, we must maintain the skills of incumbent employees in order to meet the demand for use of ever-changing new technologies.

Investment in Infrastructure

Our nation's infrastructure is in a state of disrepair. This is especially evident in Pennsylvania.

Unfortunately, one of the failures of the 2009 stimulus was that it concentrated on mostly short-term "shovel-ready" projects, of which there were few.

According to the American Road and Transportation Builders Association, less than 4% of stimulus funds were spent on transportation infrastructure. This is unacceptable, particularly when 139 roads and bridges alone in Bucks County are deemed to be "structurally deficient."



Source: ARTBA

Congress has passed, with my support, a substantial transportation bill (**H.R. 4348, MAP-21**) that funds infrastructure, streamlines the project permitting process, and encourages the capital investments that are necessary to create long-term jobs, boost our economy, and create orders for manufacturers.

Support American Exports

Trade is vital to the economy of the 8th District of Pennsylvania. In fact, trade supports over 17,000 manufacturing jobs in the 8th District, and over 100 companies in the 8th District are exporting goods manufactured here to customers around the world.

Trade is vital to the private sector – which employs 90 million Americans – nationwide, as well. 42% of all U.S. jobs are connected to international trade, and 20% of all manufacturing jobs – almost 3 million – are dependent on U.S. exports. U.S. agriculture exports support nearly 3.9 million jobs. Every \$1 billion in exports generates 25,000 new jobs spanning all sectors of our economy, including in the manufacturing, transportation and logistics, and agriculture industries.

Additionally, jobs related to exports pay 15-17% more, on average.

I supported a vital measure to promote American exports; the **reauthorization of the Export-Import Bank**:

- The bill to reauthorize the Ex-Im Bank passed the full House with my support on May 10, 2012, and was signed into law by the President on May 30.
- The reauthorization was especially critical for small manufacturers, as 87% of total Ex-Im transactions benefit small business. In FY 2011, Ex-Im supported export sales that sustained nearly 300,000 U.S. jobs at 3,600 companies. The Bank also increased small business transactions to a record \$6 billion, up \$1 billion from the previous year.
- Additionally, the Ex-Im Bank has generated almost \$2 billion in revenue for the U.S. Treasury (\$400 million in FY 2011 alone).
- Failure to reauthorize Ex-Im would have amounted to America's unilateral disarmament in the face of other nations' aggressive trade finance programs.
 - Canada, for example, supports an export credit agency that has extended nearly three times as much export financing as Ex-Im, though its economy is one-tenth the size of that of the United States.
 - China has three export credit agencies that last year provided \$300 billion in export finance to its exporters — ten times more than Ex-Im provided.

Pursue Fair Trade

As we work to open markets to American goods through the negotiation of free trade agreements, we must also work to ensure that we are engaging in fair trade practices which protect the American worker and promote economic growth.

There are several ways we can pursue fair trade:

- **Countervailing Duties**
 - Countervailing duties are critical to leveling the playing field for U.S. employers and workers who face unfairly subsidized imports from countries like China.
 - I support **H.R. 4105**, a bill to overturn a recent court decision which held that U.S. law prohibits the Department of Commerce from applying CVDs to Non-Market Economies including China.
 - If the decision were allowed to stand, Commerce could likely be forced to terminate the 23 existing CVD orders against products from China (plus one from Vietnam) and the six ongoing investigations against Chinese and Vietnamese products, which could also result in the possible refund of already-collected duties. This would have an impact on over 80 American companies and tens of thousands of American workers in 38 states across this country, including Pennsylvania.

- **Trade Adjustment Assistance**
 - Trade Adjustment Assistance (TAA), created by Congress in 1962, provides government benefits to American workers who lose their jobs because of foreign trade.
 - TAA for Workers provides job training and extended unemployment benefits to qualified individuals.
 - According to the Congressional Research Service, TAA “still appears to serve what is now a historically pragmatic legislative function: it remains important for forging a compromise on national trade policy.”
 - I voted for **H.R. 2832** to extend TAA coverage through December 2013. The bill would also extend coverage to workers in the service industry. Under current law, only manufacturing workers qualify for TAA benefits, though service workers were temporarily covered until February 2011.

- **Counteract Currency Manipulation**
 - Since 2003, China’s practice of manipulating the Yuan has lead to huge trade deficits with China and 2.4 million lost or displaced American jobs.
 - Economists estimate that ending China’s currency manipulation could create between 500,000 and 1 million jobs. It could also lower the budget deficit by as much as \$500 billion over the next six years.

- I am a cosponsor of **H.R. 639, the Currency Reform for Fair Trade Act**, which would put pressure on China by empowering the U.S. Commerce Department to impose tariffs on imports from countries with fundamentally undervalued currencies, and will continue to call on Congress and the President to take action.

Combat Corporate Espionage

Every day, U.S. businesses are targeted by nation-state actors like China and Russia for cyber exploitation and theft, resulting in huge losses of valuable intellectual property and sensitive information. When these hackers steal intellectual property, they take new, high-paying jobs right along with it.

Estimates of loss from economic espionage are hard to make, but range up to \$400 billion a year.

Just as important, many of the same vulnerabilities used to steal intellectual property can be used to attack the critical infrastructure we depend on every day.

China is the world's most active and persistent perpetrator of economic espionage. U.S. companies have reported an onslaught of Chinese cyber intrusions that steal sensitive information like client lists, merger and acquisition data, pricing information, and the results of research and development efforts. This illegally-acquired information gives Chinese companies an unfair competitive advantage against the American companies from which it was stolen.

That is why I voted for **H.R. 3523, the Cyber Intelligence Sharing & Protection Act**, to give businesses the voluntary option of sharing their anonymous cyber security information with the Department of Homeland Security so that the private sector can benefit from the intelligence community's advance firewall and security protections.