

SPEECH BY CONGRESSMAN MIKE ROGERS, MI-08
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I come from a state that manufactures. We build stuff in Michigan. We liked to refer to ourselves as the arsenal of democracy in WWII, when the great innovation of American manufacturers went from building trucks to six weeks later at the same plant building artillery shells. If you can imagine that process – and it happened again and again – we built airplanes and engines and we built nuclear missile engines also for a long time in Michigan. We built tanks. We do it all. We are awfully proud of it.

I had the great privilege to work in two manufacturing facilities, putting some money in the bank to go to college early on in my career. And I grew up really in reverence of manufacturing, and all that its done not only for our community in Michigan but all over the country and really all over the world. Our innovation is second to none. And it is an honor to be here because I know, I get it, I know that for every dollar you generate in manufacturing activity, it spins off about a dollar forty-three. That is a very powerful return on any investment in any community. That is why these price wars are going on all across the states trying to get manufacturing facilities to pick up and move, to show up in their town. They're trying to lure them overseas – investment in assembly plants – because it is such a powerful economic engine and it kind of (brings) a financial addition to their community.

We all get it. I am not telling you anything that you aren't aware of, but I have got to tell you, we know that despite the good news going around the country; despite the news that the economy is going up, and it is; despite the fact that the stock market is up, and it is; despite that we're seeing some decrease in unemployment in areas of the country, and it is going down and employment is going up; Michigan is, and other manufacturing states are, not as healthy. Just last month alone we lost 11,000 manufacturing jobs specifically. That is a powerful thing that needs recognition and that is so threatening to our manufacturing base. And those (employers of) 15, 20, 25, 50 ... small tool and die shops, and everyone in between, is feeling a pinch. Believe me they're feeling a pinch.

Imagine that you are in Michigan and you are that small supplier. For those of you that have experienced this, you already know where I am going with this. You're working for these contracts and you give them good and honorable service. Then they show up and say: "That's great, we love you and we want you to stay...it's going to cost you some money. We can't pay you, you have to take a 3 percent hit in your contract next year if you want to keep it." Then they come to you and you go ahead and cut those costs, and you do all the things and you lower your price and you say: "I can do this, I am getting lean and mean."

Then it happens again, and then it happens again, and, then, it happens again. Then that company comes and says: "If you want to keep that contract we're going to have to negotiate it back, and you are going to have to rebate some money if you want to keep this contract." And I see some folks shaking their heads. You guys know what it feels like. Then they come to you one day and say: "Look, our costs are so intense, so intense, the competition is so fierce," then they use the dreaded "O" words: "outsourcing"...overseas." I have watched my friends, and I have a lot of them in the business, small guys around the community that I represent. A couple of years ago it started as a very logical concern, laying out the facts. Then as this thing progressed a little bit it became a very emotional concern as they laid out the facts. If you've been there and you know these folks, and all of you do, you've seen that (now) it is almost a panic about what's happening. They are willing to compete in a market that is stacked against them.

And that's why we're here today. That is why I am here today. I am honored to be here amongst so many of you who do so much for this country. We've got some challenges ahead of us.

There was a story in Michigan about a guy named Charlie Steinmetz. Some of you may have heard about Charlie. He was ... an immigrant. He was fairly uneducated by his own admission, and he would

describe himself as a very ugly immigrant to the United States of America. But the guy was brilliant. He probably would have been diagnosed with ADD today. But this guy couldn't sit still, always doing all those things. He designed the electrical system for ... one of Henry Ford's production plants in the 1940's. Well, one day this thing shuts down. Henry Ford obviously was an impatient man so he assembled the mechanics, the electricians, and the engineers, but they couldn't get this doggone thing started. And we all know time is money.

So (Ford) called up Charlie, because he had designed the system. And Charlie put on his overalls, and he showed up, and he started tinkering a little bit; flipping a few switches and jiggling a few wires. About 25 minutes later he walks over and throws the switch and that thing hums up and takes off. So he goes home and he sends off a little bill to his good friend Henry Ford: 10,000 bucks. Henry Ford being a prudent man, although a wealthy man in 1940, said "there is no way." So he writes back and says Charlie, you are a good friend of mine, but 10,000 dollars for tinkering?" So Charlie thought about it, reviewed his bill a little bit, changed his invoice and sent it back. It said: "Tinkering, \$10. Knowing where to tinker, \$9,990."

We know where to tinker. The challenges of how we get manufacturing vibrant and well in our lives, not looking down and backwards but looking forward, is right here at our fingertips. You're going to have the power over the next few days to hopefully have an impact and I hope you know that. But it is going to take some work. You know, when you look at what Henry Ford was able to accomplish: In 1913 he said "we are going to increase productivity" and he invented the first moving assembly line. It was unbelievable how that changed the way we looked at manufacturing, and what it did to productivity of workers. And in 1914, he said: "That this is going so well, we are so productive that I am going to pay five dollars a day" as a form of profit sharing. Five dollars a day was unheard of, and it generated this whole new cycle of ideas in how we pay our folks who help us build things in America ... Five dollars a day, wow!

We look at that today, and there is such a great Trojan horse in the debate, and you have heard it: "That wages and wages alone are causing us to be uncompetitive - and that's it. We can't compete with that debate and we might as well pack it up and go home cause that's all there is." But wait, we must think about it ... what made Henry Ford have the ability to pay five dollars a day? He didn't have a gang of regulators trying to put him out of business - showing up and knocking on his door. He didn't have a group of lawyers driving around in the parking lot waiting for someone to fall down and take his business. And he didn't need a swarm of accountants every March and April trying to figure out what he owed the federal government. And I will tell you one more thing, he didn't lose one night's sleep wondering if some foreign government was going to steal his intellectual property.

Think about the challenges that he had and think about the challenges that we have today. We do some funny things to ourselves. We tend to separate our arguments back here in Washington D.C. and at home in the coffee shop with your employees. We separate it all out. This is an energy debate, and this is an unfair trade debate, let's talk about that. But you all know that taxation, regulation, litigation, health care costs, all of that is really one debate for us if we want a competitive American worker right here at home. If we want to go back to 5 dollars a day, that whole concept, and we can do it, we have got to tackle all of these things.

And unfair trade is right at the top of this. I mean look around and I'm going to tell you that you have probably had some bureaucrat around, I know that I have had one tell me, when I go up and say: "Gee, I am really concerned about this, we've got unfair trade happening right here with China, South Korea, and Japan, either currency manipulation, or we know that they are selling us something that costs them money to (produce)." I am no rocket scientist, and I wasn't the best FBI agent, but I call that a clue! We know that has happened. Then the (bureaucrats) say: "Well, don't worry about it because those are low-end jobs, low-end manufacturing jobs, we don't want those here." So hmmm, interesting.

So we have gone and checked it out. I know some of you are cutting edge in machinery and some electronics in America. We took a look at it. Over two-thirds of all the imports from China to the United States of America are not low-end manufacturing. It's machinery, it's textiles, it's high end TVs, electronics, cell phones, and the like. That is not what I call low-end, low-tech manufacturing. We all know that is not the case. So we need to work ourselves up, to get a little excited about this and get a little worked up about it.

Tomorrow I want you worked up about this. I want you walking in the offices of these Members, I understand you have 120 visits tomorrow. You need to understand what power you have. You are now part of a Presidential campaign. Give yourselves a round of applause. That's the good news. The bad news is you are part of a Presidential campaign. What were you thinking? Because that means that there is going to be a very clear division between employers and employees, and you "awful, awful businesspeople who dare to take risks, pay bills, and make payroll, and pay taxes, and fight for trade agreements, and try to get products from point A to point B, shame on you for standing up for the innovation and excitement of producing something in America." This is an argument. I've heard it, and you've heard it too, and you will hear a lot more of it in the weeks to come.

One of the things that I am glad that you are doing (filing a 301 complaint), but I have to tell you it's one of the challenges that I have on this unfair trade agreement issue. I know the importance of a filing a 301 and I want to thank you for it. I think it is the right thing to do, it has to happen. Let me tell you where I think we're going to change, and I'm going to work every day to make sure we change. For a trade agreement that the government negotiates, that belongs to the government solely in this negotiation process. For us to ask you to foot the bill for something that isn't working is wrong. We ought to stand up and we ought to fight these things, just like the EU (does). And you know what, we can get there. I know we can. And these resolutions, I know I was a part of it, and I stood up there with NAM and sat up there and said that currency manipulation is bad, it's wrong, it's stealing American jobs, it's robbing the talent of America, and it's robbing you of your ability to compete fairly. That's not enough, it just isn't enough.

We need to be aggressive. USTR needs to step up to the plate. We gave them money last year. We need to beat on them, every day. I'm going to be like a bad rash, I'm not going to go away until they get busy over at USTR taking care of these unfair trade practices. It has to happen, but you have to help us make it happen. You need to talk about it in terms people will understand.

We also need to talk about the other issues, unfair trade (is) one set of our problems, and maybe not even the biggest. We need to look at ourselves. We need to look at what we are doing. I heard somebody say today at a meeting, I heard them say "boy, we are just not going to be able to make the changes that we need to make in order to be competitive so we ought to look at solution 'X' or 'Y'." You know my friends who make stuff back at home, and I've seen that in their eyes, I've seen the desperation, I've seen the despair, (saying) "I am tired of fighting this fight." You know, you've seen it. Getting beaten down by the folks that they are supplying, for getting beaten down by the government regulators. Health care costs are going up, and somebody just ripped them off of their intellectual property and they're trying to find a lawyer who they can pay in installments - good luck.

There are days that we get up and think "why do I do this?" (We do it) because it is that important to who we are as Americans. And we can make these differences.

Let's talk about regulations for a minute. Last year the federal government spent 26 billion - with a 'b' - dollars enforcing regulations all across America. American manufacturers spent 160 billion dollars in compliance costs. Tell me how that helped us build one part; how that helped us create one job; how that helped us break down one trade barrier? It probably didn't. I am not saying that every penny of it is wasteful but I bet a whole bunch of it is. Matter of fact, I will give you my favorite example. Massachusetts: Small business owner is doing what he knows how to do or what she knows how to do - making the thing

run. Regulator comes in to save the day and protect workers from themselves. And he writes them up, (saying): "This work platform does not have a railing. You will be fined and you will put up a railing." Then he leaves. One problem: It wasn't a work platform. It was a large shelf that was used for storage. And if it weren't so doggone frequent it would be funny. The problem is, it happens. And guess what? Guess where the burden of cost comes to try to undo that mess and go down and try to explain it and come back and do it again? The American business, who is also trying to compete with China who doesn't care if they have any regulations in their plant, whatsoever. Be honest, that is the way it is, we know that. We can still compete but we ought to be fair to them. We need to make that change in America. But you can go in there tomorrow and separate everything else you do from the cost of regulation on your business and say "this means jobs, this is about jobs, the jobs it costs." We can compete on wages, we can, if we can start reducing the cost on every other artificial factor in your business.

Health Care. You know, it is estimated that as much as 30 percent of health-care costs are not health-care related. This is a great example of what we do in government for you. We're the government and we are here to help you. HIPPA - remember this? Millions and millions and millions of dollars are being spent today - some by you, some by health-care professionals, even the government is running around chasing our tail a little bit - and it was with all the greatest intentions.

It was that rhetoric of a Presidential Campaign: "You should not be able to use these records for personal profit." Who disagrees with that? No one, but the product that came out was so awful and so expensive that it just added more costs to a system that is already bulging at the seams in costs. These people had to go and find screen covers for their screens on their computers so the guy next to them couldn't see it when they were processing medical payment sheets.

There was a small town hospital that - this is very innovative, think of the cost savings with this - they had one radiologist. They put him in the center of the place, and since they had this new technology we are trying to apply around the country, they said: "If you are in an accident in the middle of nowhere, and you go to the nearest facility that has the ability to get online and take an X-ray, we will have it read 50 miles, 25 miles, 100 miles away by this radiologist and tell you what your problems are (and) maybe save a life. Good idea, right? Not according to HIPPA, because you don't have a form signed that says you are allowed to have your records shared with that doctor who we don't know who it is.

Your heart doctor can't even go in the next room and say: "You know what, Rogers has condition A and it's ugly, I've never seen it. What do you think about it?" He just broke the law.

This is the kind of craziness we need to be careful of during a campaign. That is why I said congratulations and what were you thinking? We have to be careful that we don't lose this debate on the real science, and argument of number crunching. If we don't, we can win. Can you imagine, by the way, for those who say forget it, let's have a national health care system, let them deal with it. Can you imagine that same OSHA guy trying to find your heart doctor? Come on - cause that's the guy. You don't need that, believe me. Just ask the Canadians to our North.

The lawsuit tax. You know it, I know it. Pretty awful thing. Just think about asbestos. Seventy bankruptcies directly attributed to asbestos. Some estimates say there are 1,000 businesses ready to go - ready to put their paperwork in. And this isn't about people who are truly sick. No one in this room, no one in this Congress, no one in this country wants somebody who was truly damaged by negligent folks, who is really sick, not to get their money. But this is about trial lawyers who are trying to set up this big fund for them. They get most of the money. It's not the sick people. It's unbelievable - 60,000 jobs just in those 70 bankruptcies; 60,000 jobs gone and they're not coming back. Gone: 138,000 new jobs for new businesses. Gone, it's not coming back. Tell me that isn't an important cost of doing business. Tell me that does not hurt the very labor guys who snuggle with trial lawyers during campaign season. You know it does. We've got to break that chain, we have to do it.

Thirty percent of the cost of the stepladder is lawsuit tax – 30 percent. You know that little sticker that says “this is not a step, please don’t get up here, you are going to fall down.” How about 30 percent or roughly one-third of a small airplane – lawsuit tax.

My favorite: the tax for prevention of lawsuits on the production of a football helmet exceeds the cost of the football helmet. So when you go out and buy your kids a football helmet, remember, you are paying almost double the cost of what that helmet should be costing (because of) lawsuit abuse. And I picked out a couple of my favorites, these are the things that people don’t think about, we need to try to personalize these things so people know what the heck you are talking about. You know the stickers that we have to do now: “coffee is hot.” Some lawyer got a lot of money coming up with it: “I got it, Coffee is hot. That is 4,226 dollars, thank you very much.”

Here is my favorite one: ... There was a case with fishing hooks and now because someone got hurt, somebody sued, so they had to put these stickers on fishing hooks - “Do not swallow.” Drain cleaner, this one is really right up there, you are going to like this one. Drain cleaner : “If you cannot read this label, do not use this product.” I love that one. That’s wonderful.

Taxation. I do not have to tell you that we are not competitive with our small business and our business tax code. You know and I know. We are second to Japan in the highest rate. There is a reason that Toyota is really investing heavily in manufacturing facilities in America - trying to escape that high tax rate of Japan. It’s not rocket science here, we all know how to gather around here and we can do the same doggone thing right here. But I want to tell you, your lawyer and your accountant should not be number one and number two on your speed dial. I know they are. That is an awful place for us to be in America. That is not the place to say (we) value innovation, we value American jobs, and we value American manufacturing. We have got to change it. My argument is that we are not bold enough. We talk, we are going to do some of this in about three months, we are going to tweak the depreciation tables - good idea. We are going to talk about AMT. We’re going to talk about bringing the hurdles down and that is all great and wonderful. You know what, we ought to be bold. This is not the time to tweak. We are losing manufacturing in America. We ought to say: “Look, we are going to scrap the corporate tax code. We are going to make it flatter, fair, and predictable so you don’t have to have 48 attorneys, and 68 accountants, so that you can know this year I make this, I pay that, next year, I make this, I pay that. I can predict it, I can invest in my company, I can invest in overseas competition.” We ought to do it, we ought to do it now.

Now I’ll tell you, we have to be careful about not letting the shallow rhetoric of this political campaign separate employees from employers. It has happened for too long. Now our labor unions served a purpose in this country. You look at where they are at today, they are more concerned about their dues than they are about the jobs that are packing up and going away. They snuggle with every group that has nothing to do with their best interests. You tell me how trial lawyers help them protect jobs in America. You know it and I know it, they need to know it too. You tell me how runaway health care costs and trying to add more to the prices of providing health care, and (how) these huge pension liabilities (help)? They are on the wrong side of every one of those issues, and that is both of our problems. It is my problem and it’s your problem.

We have to start doing a better job of communicating this stuff. Otherwise we are going to lose this fight. As I said in the beginning, the way we do that, the way they do that, is they separate every issue. “Well energy costs, why that has nothing to do with manufacturing, jobs, that is all about our environment.” That’s great. We ought to pay attention to our environment. Nobody out here wants to trash it, ruin it, and give something to our kids that they wouldn’t want to live in, breathe in themselves. Right? We have all of this great science and technology, we are right on the cutting edge. And if we can just sift through all of the emotional extremism, and get to good science, we are going to win this fight too. It will not happen if we can’t continue to mine minerals and get them to where they need to go in this country, if we cannot have natural gas going to the sources that provide you energy, so that you can have cheap, reliable energy, (and),

if we can't have a reliable energy grid. You know, General Motors has an interesting problem in this particular area. I think it was 28 times, I may have that number wrong, but it was over two dozen times, they had power interruptions at plants. It cost, on average, from 150,000 dollars to 1.5 million dollars, per plant. Costs you bundle up and throw out the window. And yet our friends in the labor movement are on the wrong side of that issue. They should be standing shoulder to shoulder with us and say, "you know what, American jobs are important. We understand that. Look, the Chinese aren't going to pay American wages, and the Americans aren't going to pay Chinese wages. So let's join hands and let's figure out how we are going to compete. And we are going to compete through energy, health care, litigation, taxation and regulation relief." We do that and we win.

So when you are up there (on Capitol Hill) tomorrow, and you talk to these legislators - you know what, I grew up in a manufacturing town and I had the great experience to be in a manufacturing facility - a lot of these folks haven't. Doesn't make them bad people. Not with somebody saying: "Well, Disneyworld is going great, what are you guys worried about in the North." Now how many of those do you have? It is not going to happen. We need to make sure that they understand that all these issues are tied together. Now I am going to challenge you to something. We can't allow any debate, from now on, today or next week, I don't care if we are talking about taxes, I don't care if we are talking about affordable energy, it cannot be a separate debate. You need to attach manufacturing jobs in America to every time someone talks about it. And if you are not talking to your friends, and to your employees (about) the fact that reliable energy costs you money and them jobs, if you are not (telling) your friends and your legislators and your employees that lawsuits and the lawsuit tax is costing you money and them jobs, and if you aren't talking about health care costs and unnecessary regulation, it's costing you money and them jobs (- you aren't communicating to them). We are going to need to do our jobs together. That has to happen. And it needs to start tomorrow.

Let me tell you something, you are going to walk up there tomorrow, and you are going to have so many friends that you didn't know you had. They are going to pat you on the hand, tell you to sit down, and tell you that they feel your pain. They may even tear up and maybe even cry a little bit. They'll say, "I knew Annie Sue, who lost her job in the factory. Those folks over there working charge such low wages that we can't compete. Thank you for coming, bye bye." You will not find anybody who doesn't say that they're not for you, that they're not for manufacturing in America. I have to tell you, you will be in a very interesting place to present the very questions that have led some to say: "Look, I'm not sure we can have an impact." It is that very decision that led those folks to walk into my small suppliers and say: "You gotta go overseas." We went overseas because we can't compete here - the costs are too high. Think about what we did in WWII. We set a whole world free. We have sent people to the moon. We gave every single innovation in manufacturing that can possibly be imagined a start right here in America, including the middle-class. We can do that (again) if we stand together, but we have to stand together.

They are going to try to pry apart our big manufacturers and small manufacturers. They are going to try to say "no, no, no, that is an environmental issue, not a jobs issue." They are going to try to tell you "health care cost is a separate thing, don't talk about, that has nothing to do with your job." They are going to say that taxation is only for those big ugly corporate lobbyists that want to steal people's money. You have to stand up every single time and say "no." And I want you to do something tomorrow for me and for you and for American manufacturing and for the future of this country. Don't take the path of least resistance. When they tell you they are for manufacturing, I want you to challenge them on all of the issues that you know are making you uncompetitive. Don't take the path of least resistance, and don't let them either. Thank you for what you do, thank you for standing up for manufacturing and America.