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SPECIAL REPORT

28 April, 2006

U.S. Business and Industry Council: An Organization Worth Joining

*State of GM, Ford and Suppliers Confirms
Economic War A Palpable, Pervasive, Reality*

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their companies’ advantage, and drive U.S. firms and entire sectors of
our economy out of business.”***

The automotive industry crisis is revealing with a vengeance the dilemma faced by companies that wish to manufacture in America and keep the nation’s industrial base strong. On the one hand, private business and market forces still make the U.S. economy go, and so companies need to work overtime improving their competitiveness.

On the other hand, policy decisions made in Washington and foreign capitals—to open or to ignore certain foreign markets, to combat or to tolerate foreign subsidies or dumping, to favor some sectors of the economy but not others in trade negotiations—can make or break not only individual companies but entire industries.

Multinational companies have long recognized the policy challenge, and have employed legions of lobbyists to influence national decision-makers. Yet too often, their foreign trade and investment agendas have harmed domestic companies, by ignoring import competition that is often predatory, and by actually encouraging the “offshoring” of whole industries and their supply chains. And too few domestic business leaders have had the time or resources to play the increasingly vital Washington game.

In recent years, the United States Business and Industry Council—an association of domestic privately-owned companies with deep roots and extensive Washington experience—has been working to ensure that the voices of genuinely American manufacturing are heard in the nation’s capital. In 2006, the Council is launching a major recruiting drive in Michigan, observing that the auto crisis is clearly warning the state’s manufacturers that business-as-usual in Washington is no longer acceptable.

“Michigan is home to some of the world’s best manufacturers,” said USBIC President Kevin L. Kearns. “But all of their success in boosting innovation and quality won’t save them if foreign governments are free to distort entire global markets to their companies’ advantage, and drive U.S. firms and entire sectors of our economy out of business.”

Added Kearns, “Michigan manufacturers no longer have a choice... they *must* get active politically on the federal level. And the best way to do this is to join USBIC ‘s growing ranks and increase our collective clout in the nation’s capital.”

A Place in History

Founded in 1933, the Council currently represents about 1,500 individuals, companies and industry associations. Virtually all of the companies are privately held small and medium-sized manufacturers or suppliers to manufacturing. Through the decades, USBIC has joined with many other business organizations in pressing for more sensible tax and regulatory policies.

But the Council has always set itself apart with its insistence on balanced and equitable trade, on keeping production in the United States, and on maintaining a strong national defense. Moreover, since the latest offshoring wave began with NAFTA’s signing in 1993, trade and globalization policy have been Job One for USBIC.

“We’re second to no one in championing free markets and fighting big, intrusive government,” said the Council’s President, Kevin L. Kearns. “But unlike most business

associations, we understand that no amount of deregulation or tax cuts will strengthen domestic companies if Washington continues to get trade and globalization wrong.” Added Kearns, “USBIC also recognizes that indiscriminate market-opening to countries like China is putting too many small and medium-sized American companies in an impossible position: Meet the ‘China price’ being demanded by their multinational customers, and forego the profits needed for investments in new products and processes, or lose the contract to a Chinese rival.”

“The “trade-balancing” tariff bill is strong medicine, to be sure,”..... But the huge, rapidly rising trade deficits run by the United States threaten not only America but the entire world economy with a dollar crash and a deep, prolonged depression. Meanwhile, every other remedy proposed by the political and business establishment -- from raising the national savings rate to opening new foreign markets -- has already been tried and failed.”

Tactical Response: Ryan-Hunter

Benefiting from a small staff boasting nearly 75 years of Washington policy experience, USBIC has been promoting domestic manufacturing interests on many different fronts. Kearns, a former Foreign Service Officer posted for years in Japan, Korea, Germany, and other major markets, heads up the Council’s lobbying operations. Top priorities include the Ryan-Hunter China currency bill, which would make China’s currency manipulation a violation of U.S. trade laws and enable U.S. companies to sue for damages, and a sweeping emergency “trade-balancing” tariff on all industrial products designed to reduce the trade deficit to sustainable levels.

“The “trade-balancing” tariff bill is strong medicine, to be sure,” said Kearns. “But the huge, rapidly rising trade deficits run by the United States threaten not only America but the entire world economy with a dollar crash and a deep, prolonged depression. Meanwhile, every other remedy proposed by the political and business establishment -- from raising the national savings rate to opening new foreign markets -- has already been tried and failed.”

At the same time, Kearns added, intermediate steps like Ryan-Hunter can be crucial stopgaps for our trade crisis until Congressional support for stronger measures can be mustered.

Kearns also edits the Council’s globalization website, WWW.AMERICANECONOMICALERT.ORG – the internet’s leading source of innovative thinking and analysis on the world economy. The site’s rapidly expanding audience—

currently at 120,000 visits per month—can read not only continuous updates of globalization and manufacturing-related news from media all over the world, but regular analyses, commentaries and data briefs by USBIC Research Fellows Alan Tonelson and William R. Hawkins.

Just added to WWW.AMERICANECONOMICALERT.ORG is “The Economy in Pictures,” a series of nearly two dozen easy-to-read graphs and charts that look behind the headlines to spotlight the real trends and developments shaping the American economy. The charts and related commentaries will be updated periodically.

In addition, USBIC is making major contributions to the nation’s understanding of globalization-related issues. USBIC Research Fellows Tonelson and Hawkins have written favorably reviewed books on these subjects. The Council produces the most detailed analysis available of the federal government’s monthly trade figures, and has developed a pioneering Manufacturing Trade Index to monitor the competitiveness of the nation’s major manufacturing industries. Moreover, USBIC is the only organization tracking perhaps the most important indicator of domestic manufacturing’s health—its ability to maintain or increase its share of the U.S. market versus imported products.

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In today’s world, the idea that “economic security is national security” has never been more important. Thus, this spring, in conjunction with the AFL-CIO, the Council will be publishing a landmark study of the defense industrial base. USBIC’s research on the subject has already attracted the interest of the Departments of Defense and Commerce, and the joint report is sure to touch off a badly needed national debate on whether the Pentagon has become too dependent on foreign sources of weapons and weapons components.

The Council has been especially effective lately reaching the media with its message of strengthening domestic manufacturing and overhauling U.S. trade policy. Tonelson is a consultant to CNN news anchor Lou Dobbs, and he appears frequently in the national media as the author of articles and reviews and as a commentator breaking issues. Hawkins, a national security specialist with the Council and former Congressional staff member, also writes often for major national publications and provides analysis for print and broadcast journalists.

Coordinating the Michigan recruiting campaign will be USBIC’s Chicago-based Vice

President Steve Heller. A veteran of Chicago-area manufacturing trade associations, Heller brings an understanding of family companies and the business environment in the industrial Midwest. He will be traveling to Michigan frequently, and can always be reached at (847) 493-6675, or heller@usbusiness.org. For a printable USBIC membership application or to join the Council online, visit USBIC's website at <http://www.usbusiness.org/i4a/pages/index.cfm?pageid=11>.

“Politics and policymaking can be fearsome, little-known worlds to domestic manufacturers,” acknowledges Kearns. **“But that’s exactly why joining USBIC and strengthening its Washington presence is so vital for Michigan’s domestic manufacturers. An investment in Council membership will pay big dividends for their companies, their families, their communities, and their country. With Michigan’s help, we can make manufacturing in America Number One again.”**

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