

Manzullo presents plan to restore manufacturing

Seven-point plan would put people back to work, he says.

11/3/03

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The Journal-Standard

U.S. Rep. Don Manzullo unveiled a plan last week that he believes will aid the nation's manufacturing sector and put people back to work.

Manzullo, the House Small Business Committee chairman, presented his seven-point plan at a recent roundtable discussion on manufacturing held in Washington, D.C.

Manzullo said the plan addresses how to stem the flow of U.S. jobs overseas and avoid what he calls "a jobless economic recovery."

"The U.S. manufacturing sector has endured 38 consecutive months of steep job losses, putting more than 2.7 million hard-working Americans in the unemployment lines," Manzullo said. "These are a few actions we can take to halt these job losses and put Americans back to work."

One of the key points of the plan is to provide tax relief to companies that keep jobs here. Manzullo is one of the sponsors of the Job Protection Act of 2003, a bill that would reduce the corporate tax rate by up to 10 percent for U.S. manufacturers that produce goods at home. This act would replace the



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Foreign Sales Corporation/ Extraterritorial Income Tax program that has been ruled an unfair trade subsidy by the World Trade Organization. If this or another option doesn't replace it by the end of this year, the European Union has the power to hit the U.S. with up to \$4 billion in annual retaliatory tariffs on U.S. exports.

Although there are other options on the table to replace the current tax program, the Job Protection Act is the leading candidate because the cost of implementing it would be about the same as the cost savings from repealing the current program.

"This is not only the most sensible FSC/ETI replacement," Manzullo said. "The bottom line is that the Senate and the administration both have said they want a revenue-neutral bill and our legislation is the only one that qualifies."

Another hot topic addressed in the Manzullo plan is alleged currency manipulation in several east Asian countries. Manzullo says the efforts of nations including China, Japan and South Korea have kept their currencies low against the dollar, giving their companies an immediate 40 percent cost advantage.

The National Association of Manufacturers has estimated two-thirds of the U.S. trade deficit with East Asian countries can be attributed to currency manipulation.

While China contends this practice still is necessary to protect its fragile banking system, the administration is trying to find a way to stop the practice under the Trade Act of 1974. Late last week, however, the Bush administration announced it has been unable to find anything that will hold up under current international law.

Manzullo supported a bill introduced in the House on Sept. 17 to stop currency manipulation and believes a mandate for change exists.

"Americans stand ready to compete with anyone in the world," Manzullo said. "But the competition must be fair. China is not playing by the rules."

The plan also asks the administration to rescind steel tariffs imposed on imported steel in March 2002. Manzullo

contends the tariffs, created to protect U.S. steel, actually cost American steel-using companies \$680 million in lost capital and jobs.

Another point is aimed primarily at federal agencies, especially the Department of Defense. In mid-May the House passed a bill requiring the agency's major purchases to be 65 percent American made, up from 50 percent.

"This legislation offers another way to create work for our struggling manufacturers so they can survive these difficult times," Manzullo said.

The plan also calls on the administration to look at its export control policies. Manzullo estimates that billions of sales dollars a year are lost by U.S. manufacturers because of national security concerns. He also questions some U.S. visa policies which he says discourage foreign customers from doing business here.

Two of the points deal primarily with small businesses. One addresses rising health care costs incurred by small business owners and the other with making changes in the Small Business Administration that provide more assistance for small manufacturers.

Manzullo is a proponent of using Association Health Plans, Medical Savings Accounts and tax credits to ease the burden of skyrocketing health insurance costs. He also backed medical malpractice reform legislation passed earlier this year in the House.

The Small Business Reauthorization and Manufacturing Revitalization Act also was introduced in the House this year to increase the loan ceilings in several SBA programs and would set up an expanded international loan program to assist small manufacturers in fighting import competition.

Manzullo's plan for manufacturing

- ◆ Take incentives for manufacturers to keep jobs in the U.S.
- ◆ Stop East Asian currency manipulation
- ◆ Require federal government to buy American
- ◆ Rescind steel tariffs
- ◆ Reduce health-care costs
- ◆ Expand SBA programs for small manufacturers
- ◆ Export policy control reforms