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A STIRRING NATIONAL DEBATE OVER TRADE

Michigan Tooling Association Will Broaden Its Reach To Take On NAM

The 670-member Michigan Tooling Association is taking a great leap forward and is planting itself on the national landscape. Driven by growing resentment among manufacturing business owners over the escalating trade deficit and the perceived unwillingness of the federal government and national trade associations to represent the interests of domestic manufacturers, the 74-year-old tooling group has changed its name to the Tooling, Manufacturing & Technologies Association (TMTA). It is seeking members from outside Michigan and will conduct an aggressive campaign to wrestle control of the trade agenda in Washington away from multinational corporations.

"The multinationals have way, way, way too much influence in Washington and that has got to change," says Rob Dumont, president and CEO of the re-named group. "Right now, trade policy is not dictated by Congress. It's dictated by the multinationals based on making a quick buck in the short term. You cannot have the trade deficits we have with total and absolute disregard for people. It is destined to fail."

The Michigan Tooling Association changed its name to eliminate geographic boundaries and it expanded the name to include any domestic manufacturer or technology company being challenged from unfair offshore competition. Says Brian Sullivan, TMTA's director of sales and marketing: "We've decided to draw a line in the sand

(Continued on page four)

'Truck Stop Politics' Washington Oligarchy Ignores Working Class At Its Peril

A major political shift driven by manufacturing workers directly impacted by the loss of jobs is taking place in the country. Politicians ignore this growing movement at their peril, according to the leader of a successful grass-roots effort to educate workers on the adverse impacts of trade.

The shift clearly expressed itself in the 2006 congressional election. An informed and activated electorate in congressional races in Indiana, Iowa, Kentucky, Ohio, Georgia and North Carolina threw incumbents out of office over issues related to the loss of good-paying manufacturing jobs, currency manipulation, outsourcing, increased CEO pay, and reduced health care benefits and pensions, writes Tom Mullikin in a new book entitled "Truck Stop Politics, Understanding the Emerging Force of Working Class Americans."

"A growing body of evidence suggests that all is not well with the American worker," he writes. "Many see a red flag waving in front of the Blue Collar Bull....Everyone involved in American politics should begin to assign new importance and focus urgent attention on...any issue that has a direct bearing on the American working class. And by 'everyone,' I mean the parties and their leadership, candidates and would-be candidates, pundits, courtiers, consultants, pollsters and the entire political establishment, both in and out of power. We should be aware that the ground is shifting beneath our feet."

If you need further evidence of that shift, take a

(Continued on page seven)

EPI To Make Trade Recommendations From Workers' POV

The Economic Policy Institute will weigh in on globalization policy on January 11 with a meeting and the first of a series of policy recommendations for the new Democratic Congress. The paper, titled "Globalization That Works for Working Americans," is intended to be "another pole in the debate" taking place over trade, and will highlight the "great betrayal about outsourcing," says EPI founder Jeff Faux.

EPI will call for a "strategic pause" in new trade agreements and extension of Trade Promotion Authority "until Congress and the President agree on a strategy to cut the trade deficit and increase U.S. competitiveness," says Faux.

The strategy will recommend the U.S. hold an international "Plaza Two Accord" to re-align the U.S. currency. If China or other trading nations do not want to participate "we need to have a serious threat of across-the-board tariff increases to bring them to the table," Faux adds.

Also part of the strategy will be recommendations for targeted investments in energy, education and new technology, though pouring money into R&D for products that end up being made outside the country needs to be addressed.

"The main political purpose of the strategy is to stop the damage," says Faux. "The bloom is off the rose in free trade."

The evidence is everywhere, but it expressed itself clearly when Robert Rubin, President Clinton's top economic advisor, went before 100 House Democrats in December and was barraged by members expressing frustration with trade policy. "Even those guys are defensive," says Faux. "They know that the string has run out. The promise has not been fulfilled and we're up the creek."

EPI, which takes an "economic populist" position on issues, was started 20 years ago to look at the economy from the point of view of people who work for a living. "The global investor no longer sees himself or herself as an American, by their own admission," says Faux. "That their interests are the national interests is something that poisons the debate and every chance I get I try to make that point."

'Progressive' CEOs To Enter Globalization Policy Fray

A group of 12 "progressive" CEOs led by ~~Leo Hindrey~~, former CEO of TCI and Global Crossing, is developing a series of congressional proposals aimed at combating the growth of corporate greed and influence in the U.S. political system. The effort, known as Project Horizon, is putting together a series of proposals from a CEO point of view of what Congress needs to do to make America competitive in the near future.

"The idea is to throw out some bold, creative ideas and have Congress hopefully pick up on the ones they find interesting," says Alan Platt, a Washington lawyer with Gibson Dunn helping in the effort. "Our niche was that progressive CEOs haven't contributed as a group much, and a bunch of them were thinking along similar lines based on their own experience, even though they were drawn from different sectors."

Hindrey's recent book, "It Takes A CEO," describes how corporations' primary focus on profits — backed by groups such as the Business Roundtable — are undermining the U.S. middle class. "If we continue down this path of 'shareholders only,' these behaviors only get further embedded rather than being addressed," he recently told *Manufacturing & Technology News*. These "misbehaviors" include offshoring of American manufacturing and service sector jobs and providing low salaries and poor benefits.

When CEOs offshore jobs their compensation increases, Hindrey notes. The average CEO is now making 475 times what his or her average employee makes. "I think when the average CEO made 15 or 20 times what his or her average employee made, everyone was pretty much in the same boat rowing in the same direction. I don't have that sense any more."

Project Horizon, incorporated in the summer in Delaware as a 501c3, will present its final report to the Senate Democratic Policy Committee at the end of January.

Skills Commission Issues Education Warning

The New Commission on the Skills of the American Workforce, backed in part by the Bill and Melinda Gates Foundation, issued its first report in December, declaring that the standard of living in the United States is "jeopardized" by a dysfunctional educational system. The commission's "Tough Choices or Tough Times" report calls for a "total overhaul" of the U.S. educational system by 2021.

"The first commission in 1990 never dreamed that we would end up competing with countries that could offer large numbers of highly educated workers willing to work for low wages," says commission chairman Charles Knapp, former president of the University of Georgia and the Aspen Institute.

The commission, comprised of former Cabinet secretaries, governors, college presidents and business, civic and labor leaders, calls for a radical restructuring of education, starting with the idea of ending high school after 10th grade for students who pass a rigorous exam and can go directly to college; pre-K for everyone; placing school management into the hands of independent contractors operating under performance contracts; and other ideas. The report is located at <http://www.skillscommission.org>.

Enthusiasm Grows For Grass-Roots Coalition Aimed At Ending Multinational Control Of Trade Agenda

A coalition of farmers, domestic manufacturers, labor officials and others wanting to change U.S. trade policy is getting closer to launch. Principals involved in the group, which has adopted the name "Trade Reform Coalition" as its working title subject to change, met in December in Charlotte, N.C., to discuss strategy and organization. The group is being spearheaded by the Organization for Competitive Markets (OCM), a farm-based advocacy opposed to free trade as it has been promoted by multinational corporations. Other principals involved include Nucor, the new Tooling, Manufacturing & Technologies Association, and about dozen executives and lawyers involved in trade issues.

"We're pretty confident that we're going to build a very significant and broad coalition that is going to be hard to ignore," says OCM executive director Fred Stokes. "We're moving the ball down the field pretty rapidly."

The group has been contacted by politicians including one presidential aspirant, but it is not yet ready for a public unveiling. About a dozen organizers are putting together strategies for an operating structure, budget, by-laws, policy positions,

recruitment and communications.

"The basic message is there are a lot of people who have been harmed by [unfair trade] and they are upset and want to join with others to do something about it," says Stokes.

"This is taking shape and people are excited about it and it looks like it's going to happen pretty big."

The group plans to bring the issue of unfair trade directly to the electorate. The coalition will support Nucor's "legislative boot camps" and grass-roots town hall meetings

highlighting the plight of local workers, communities and governments impacted by the loss of industry and family farms. These events are attracting thousands of participants.

The coalition expects to hold town hall meetings in the early presidential primary states of New Hampshire, Iowa and South Carolina. It has no intention of taking a partisan position, but wants to ensure the issues of unfair trade and currency manipulation are presented to the electorate. The coalition intends to defeat politicians who are proponents of free trade at the ballot box.

"We are getting wonderful vibrations from people who are saying, 'count me in,'" says Stokes. "I've never worked on anything that there is this much enthusiasm for."

Federal Aeronautics R&D Policy Does Not Address Budget Woes

The United States government has issued its first ever strategic plan for aeronautics research and development. But the document, requested by Congress after aeronautics budgets have been cut by almost half over the past decade, does not include any indication that funding will increase in coming years.

The new R&D policy "is encouraging because it addresses several important issues, including recognition that aeronautics R&D is essential to America's security and economy," notes John Douglass, president of the Aerospace Industries Association. "However, this policy will be hollow if the recent trend of declining NASA aeronautics budgets continues."

In the authorizing language (S-1281) requiring the federal government to develop the strategy, Congress told the Bush administration to describe for NASA "the budget assumptions on which the policy is based for fiscal years 2007 and 2008." But those developing the strategy within the President's Office of Science and Technology Policy (OSTP) say the strategic plan was never intended to be a budget document.

"The point of this policy is for long-term direction," said Richard Russell, associate director for technology at the OSTP in a telephone conference call with a small group of reporters. "The goal was to create a policy that would stand up to 2020. It wasn't intended in this document to have an annual impact on the R&D budget...Certainly, this shows that aeronautics R&D is construed to be important by the administration, and the President just signed an Executive Order on this

subject. So I would not construe this to be a bad news story. I would construe this as a good news story for aeronautics R&D."

The policy's intent is to enhance U.S. technological leadership in aeronautics by fostering a "vibrant and dynamic aeronautics R&D community that includes government, industry and academia," added a senior White House policy official. It was created with experts from all the federal agencies involved in aeronautics research and establishes the guidelines that will enable the government "to better focus activities and use resources in a more efficient manner," he said. "Essentially the policy clearly delineates for the first time the role of the federal government in aeronautics R&D with respect to the private sector. Government needs to conduct its activity in national defense, homeland security and long-term fundamental research areas with high risk that the private sector would not be conducting, and there is a role for more advanced civil aeronautics research either because it is in the public interest in that it's good for safety and security for the nation and the public or to address some of the gaps" in research that the private sector is not conducting.

Federal funding for aeronautics research has declined from \$1.54 billion in 1994 to \$912 million in 2006. The Bush administration requested \$724 million in its 2006 budget request.

The National Aeronautics Research and Development Policy, along with a Presidential Executive Order on the subject, is located at <http://www.ostp.gov>.

Michigan Tooling Association Spreads Its Wings... (From page one)

and demonstrate resolve not to fade into economic and political irrelevance.”

Dumont says the association is passionate about the proposition that manufacturing is fundamental to the future of the United States. “We’re going to come out of the gate fairly quickly,” he told *Manufacturing & Technology News*. “We’re going to aggressively invite people to join us. We’re going to ruffle feathers. We’re going to meet with resistance. But we’ve got a determination that isn’t paralleled by any association I’m aware of. And we’re not going to get ourselves into a trap where we have multinationals as members. We respect their right to do what they want to do, but we’re going to protect our right to do it differently.”

Ninety-six percent of the Michigan Tooling Association’s membership approved the name change during a special membership meeting on December 21; ninety-five percent approved expanding the scope of the organization.

“One of the debates we had with our board of directors who considered this very, very carefully and at length had to do with our roots being in Michigan,” Dumont explains. “The reality is we can work all day in Lansing, Michigan, but Lansing doesn’t have the jurisdiction to make the changes.”

It’s the federal government that enters into and enforces trade agreements. These agreements are not benefiting American industry nor its workers, the group argues. “You can’t disregard your own people and you can’t just turn your back on the American worker,” Dumont says. “You’re talking about losing 3.2 million manufacturing jobs. Lord, stone the crows. How bright do you have to be to figure that one out?”

The National Association of Manufacturers has also opened the door to a new national organization, says Dumont. The NAM Executive Committee’s decision to overturn a previously approved NAM policy committee resolution to support legislation aimed at confronting

China over the manipulation of its currency (HR-1498) is in direct opposition to the interests of domestic manufacturers, says Dumont. “As an association president, I would never presume to over-rule my membership, I just wouldn’t do it,” he says. “It’s not an appropriate way for an association leader to function.”

“Many members of NAM are beyond frustrated,” adds Sullivan.” They feel that they have been betrayed by [NAM president] John Engler and his Executive Committee’s decision not to support HR-1498. Go to the NAM Web site and click on their Board of Directors. You’ll see a Who’s Who of principals of multinational companies who comprise the great majority of NAM’s Board members. Clearly, NAM is not representing the interests of domestic manufacturers who happen to be NAM’s core constituency.” These domestic manufacturers “have become angry about the situation and have become aware that since NAM is not representing their best interests they need to look elsewhere for representation. The TMTA is now inviting dissatisfied and disenfranchised members of other manufacturing and technologies associations to join us....It’s time to get noisy.”

TMTA hopes to boost its membership so that it can pack a political punch. “The foremost requirement is numbers,” says Dumont. “If you don’t have the numbers, you don’t get the audience — you get polite permission to say what you have to say and then it’s almost as if the thought process goes out the door right behind you. If you have numbers, that is more meaningful.”

It will be difficult to force control of the agenda away from powerful and wealthy multinationals that will vigorously defend free trade. These companies are profitably producing in countries that undervalue their currency, allow them to pollute and provide them with untold numbers

of subsidies, says Dumont. “There are people in corporate America who are taking advantage of virtual slavery and they are doing it with impunity, and if anybody has anything to say that is contrary to that, they respond by saying, ‘Well, you know, we can’t make changes over there. That’s the way it is. You

“The reality is, the guy who is in charge of the largest multinational corporation in the world gets exactly the same number of votes as the guy who works for him sweeping the floor.”

cannot dictate policy to China.’ Well, you don’t want to make any changes over there because you are profiting from it. There isn’t any reason why people don’t react to what’s going on. If somebody stops his car immediately in front of you your reaction is to try to stop. You don’t just plow into them. It’s time for people to take a serious look at this, but the multinationals immediately take refuge in the suggestion that everyone else is protectionist when they are in fact the ones being protectionist.”

Many of the multinationals and those who benefit from their dues and political donations may not understand the depth of the grass-roots movement that is building against them, says Dumont. “We’ll sure do our best to make it bite them soon. The reality is, the guy who is in charge of the largest multinational corporation in the world gets exactly the same number of votes as the guy who works for him sweeping the floor. And those are the people who are going to make a difference. That is the backbone of America, and it’s high time that democracy went back to work.”

For more information, the group can be reached on the Internet at www.thetmta.com.

American Use Of Energy Will Be A Lot Different Over Next The 50 Years, Says Shell Oil CEO

Ethanol will play only a small role in solving the U.S. energy supply crisis, according to John Hofmeister, president of Shell Oil Co. "The issue with corn-based and sugar-based ethanol from a Shell point of view is that if we as a company are already being blamed for high gasoline prices, we really don't want to be blamed also for high food prices," he told a recent meeting at the National Press Club.

Corn- and sugar-derived ethanol fuels are beginning to impact the food supply chain, and there is still a lot of research to be done on other non-edible ethanol sources such as straw and switch grass. "There are stories beginning to build in this country about what farmers are now paying for chicken feed because the price of corn has gone up significantly in the past [months] not only because of the demand for ethanol but because of a relatively poor harvest this year," said Hofmeister. "The consequence of that will be felt by all of us in our pocketbooks."

Creating an infrastructure of vehicles and service stations based upon E-85, which is a fuel with 85 percent ethanol content, also won't be easy, said Hofmeister. Right now, less than 3 percent of the American automobile fleet can use E-85. Automakers are building these flex-fuel vehicles as quickly as they can, but there is not a large enough supply of ethanol to satisfy a growing market of E-85 vehicles.

"While we can talk about E-85, the reality is there is no market and there is no supply," Hofmeister declared. "We cannot put E-85 ethanol into a regular gas station gas storage tank because the alcohol will eat right through the fiberglass tank, or it will corrode the pipe, which we currently have in the gas stations because they were never designed for ethanol. We need a whole new infrastructure if we're going to sell E-85."

It's also uncertain if the market will be willing to accept E-85 as a fuel since it gets only 75 percent of the mileage that gasoline gets. "Will consumers pay the same price to get

25 percent less if ethanol is priced at the price of gasoline?" Hofmeister asked. "Throughout most of this year, ethanol has cost more than gasoline. So it might not be the solution that some think it is."

Natural gas also won't help wean Americans off imported energy because surging demand is leading to the growing need for imported LNG. This year, there has been a record amount of gas stored for the winter months and so far a warm winter is helping stabilize the market. But over the longer term there is a "very thinly stretched supply chain against an increasing demand curve," said Hofmeister.

Over the next 10 years there will be a gap between supply and demand that can only be filled by liquefied natural gas imported into the country from "stranded" gas fields in Australia, Nigeria and other parts of the Middle East. "There is an issue with siting liquefied natural gas terminals," Hofmeister pointed out. The not-in-my-backyard crowd will make it exceedingly difficult to locate a re-gasification terminal in anybody's community.

Wind energy, coal gasification, in-situ shale oil recovery and hydrogen are all promising, but even these would not be enough to cover America's insatiable appetite for energy. "We must recognize that energy efficiency is a field of endeavor that we must pursue," Hofmeister said. "Four and a half percent of the world's population does not have the inalienable right to use 25 percent of the world's oil and gas, and that's the formula today in the United States. The rest of the world would like their fair share of that oil and gas as well and

if that is to occur, then something has to give in the balance, or the price will simply skyrocket from where we've seen it."

Reducing energy consumption will require a change in American culture. "The hearts, the minds and the behaviors of Americans need to change to where we teach our children energy efficiency, and then those children grow up and become technicians and technologists and then they design differently than we have known in the past. Our homes, our offices, our factories our vehicles need to be designed with efficiency in mind as a priority.

"The last 50 years of enjoyable mobility that we've had in this country are not to be repeated in the next 50 years if we don't do something very different, and energy efficiency is one of those differences that must change."

Meanwhile, from Shell's point of view, the debate over global warming is over and it is now time to

"The last 50 years of enjoyable mobility that we've had in this country are not to be repeated in the next 50 years if we don't do something very different..."

start reducing emissions. "When 90-plus percent of the world's leading figures believe greenhouse gases have impacted the climate of the earth, who is Shell to say, 'Let's debate the science.' We're not going to debate the science. When the

(Continued on next page)

GUEST EDITORIAL — BOOZ ALLEN EXECUTIVES

SURVEY THE 2007 INDUSTRIAL LANDSCAPE

BY BARRY JARUZELSKI
& FRANK JONES

On balance, 2006 was a good year for industrial manufacturers, chiefly because of ongoing improvements in efficiency. There were plenty of challenges, however, with sharply rising energy prices, escalating interest rates, a decline in factory utilization and slowing economic growth, especially in the United States.

Interest rates and oil prices are notoriously difficult to predict, but not so the direction of the U.S. dollar. Given the enormous U.S. current accounts deficit, the dollar's decline is expected to accelerate, not only boosting exports but also harming multinationals with large offshore operations. Oil may also become more expensive in North America, regardless of supply factors, simply because it is priced in increasingly less valuable dollars.

Most economists foresee a continued slowdown in 2007 for producers of consumer durables and single-family housing supplies. Nonetheless, manufacturers of business equipment, non-consumer durables, computers and machinery, fabricated metals, and electronics may well see continued profit growth next

year as they continue to realize new efficiencies, even in the face of slower top-line growth.

We believe six key issues in particular will separate the winners from the losers in 2007:

Globalization of R&D

Manufacturers that have ridden the beneficial waves of offshoring and outsourcing in recent years now stand to benefit from a new trend: the globalization of research and development. As companies have fanned out across the globe, their R&D efforts have dispersed as well. Some of this dispersion could have been predicted because manufacturers always need engineering talent that understands local needs and is located near their global operations. Even so, companies are now shifting disproportionate amounts of R&D work to China and India, which will account for 77 percent of all newly established R&D sites between 2005 and 2008. This trend reflects more than just the potential growth of Asian markets:

Engineering talent is also cheaper and more readily available in these two countries.

However, relatively few companies are reaping the promised gains from a globalized R&D network. For the most part, coordination across sites is weak; standards are inadequate; harmonized processes and systems are lacking; and the need for people with international experience is becoming acute. Significant opportunities exist for companies to improve their abilities to manage and leverage global R&D capabilities, even those that have already established their global footprints.

Avoiding Manufacturing Myopia

Many industrial companies continue to struggle with programs intended to improve manufacturing performance, such as total quality management, lean production, and Six Sigma, without producing the desired results. They have turned to benchmarking exercises, but those are rarely meaningful and too often turn into excuses not to act. Low-cost competitors appear with prices that

(Continued on page eight)

Shell Oil CEO... *(Continue from page five)*

policymakers decide it's a problem, it's a problem. There are good ideas coming from the White House that will address this, but we believe there needs to be more."

The best way to reduce greenhouse gas emissions is through a combination of a cap-and-trade carbon system and an emissions tax. "We think a national cap-and-trade system would be a good idea," said Hofmeister. "It could also become ultimately a global cap-and-trade system, because just as we trade oil globally, we could probably trade carbon globally."

A carbon tax would "fit in there somewhere," he added, but if there is such a tax "the one request we would make as a company is that it be a level playing field so that all would be participating in it, not just a few." A decision on taxes on gasoline should be made by policymakers, not companies.

Hofmeister said the United States needs to play a leadership role in reducing emissions, especially when it comes to the developing world. "One of the arguments that we all hear is that, 'Well, China can pollute too much and the U.S. is not going to be able to do anything about it.' But leadership by example is a good way to get followers to follow."

Global growth of oil consumption due to the

emergence of China and India, as well as continued demand in the United States and most industrial nations means production will have to grow from 85 million barrels per day to 120 million barrels per day by 2020. Demand for gasoline in the United States increased by 5 percent in 2006.

Asked about the rail transportation system and its impact on the oil industry, Hofmeister said that it's essential for the United States to upgrade its industrial infrastructure. "The nation's rails are stressed," he said. "The availability of rail cars, limited by rail tracks, are a very serious problem for the country. We see huge investment requirements in places like Chicago and other major cities. Just as the oil infrastructure needs to be developed in terms of more refining capacity and more offshore and onshore development of assets, I think the rail industry faces the same.

"And here's a more philosophical view. We like very much the lifestyle of the post-industrial information age that we live in, but ladies and gentlemen, we rely upon an industrial infrastructure to be able to enjoy that post-industrial life. And what we have to come to grips with as a nation, whether it's the oil industry or other industries, is developing that industrial infrastructure is the price we must all pay to enjoy the quality of life that we have come to know."

'Truck Stop Politics'... (Continued from page one)

look beyond the election results and at what's been happening at Nucor's town hall meetings. These events are attracting thousands of people including local politicians whose governments are directly impacted by the loss of industry. "When you see traffic backed up for a mile or more as people turn out, even when the weather is cold or rainy, you know that there are great underlying concerns in America's working class, and that people can still be awakened and roused to action," writes Mullikin.

These workers are experiencing first-hand the loss of good-paying jobs. Difficult personal and local economic conditions are being validated within the eyes of workers on a national scale by news media coverage of outsourcing, record corporate profits and declining take-home pay. "If the average worker knows that she is having significant difficulties feeding her children, filling her gasoline tank and paying the rent, then it comes back to the perception that someone is gaining too much at her expense. This is the growing sensitivity of hundreds of thousands of working American families."

Politicians and those in corporate America should not ignore the growing level of anxiety, frustration and resentment, writes Mullikin, a lawyer with the firm of Moore & Van Allen in Charlotte, N.C., and one of the organizers of the many "town hall" meetings being held across the country by Nucor. If the issues impacting the massive group of despondent working class voters are not addressed quickly and in a forthright manner, then there is a good chance of a political "earthquake," the size of which the country has not experienced since the Great Depression.

Political candidates and strategists "have underestimated the effectiveness of mobilizing the working class voters and failed to grasp the perspective these voters have of the political landscape," Mullikin writes in the book published in December. "Broader employment trends, income trends, factory closings, political volatility, demographic profiles and many other factors can be woven together

to portray districts that may be primed for a political trembler." Investment bankers, executives "and others at the top of America's white-collar food chain" might not be losing sleep over outsourcing — "at least not yet," writes Mullikin. But somebody is: "the factory workers and the ever widening swath of call center and tech workers."

Democrats and even some Republicans running in the 2006 congressional election on issues related to addressing these conditions in most cases easily beat incumbents that were focused on other issues.

Mullikin analyzes a number of campaigns and their outcomes. In Indiana's 8th Congressional District, Democratic challenger Brad Ellsworth, running on issues related to the impacts of unfair trade, easily defeated incumbent John Hostettler by receiving 61 percent of the vote. Hostettler ran on social and conservative "values" issues, "a common strategy among politicians looking to appeal to the 'concerns' of the working class voter," writes Mullikin. "An informed and activated manufacturing electorate in Indiana's 8th Congressional District has the potential to deliver almost 100,000 votes to one candidate or the other, either by activating voters who previously stayed home or by shifting voter choice to a candidate who speaks to the issues most critical to them."

In North Carolina's 11th district, democratic challenger Heath Shuler, also running on trade issues, easily defeated eight-term incumbent Charles Tayler, who voted in favor of CAFTA. Issues related to the working-class helped propel 15 percent more people (28,500) to the polls in the North Carolina district.

It should not have been easy for Shuler to win in this district. Only 28 percent of voters identified themselves as being Democrats, with

40 percent Republican. "An amazing 80 percent of voters indicated they were aware that U.S. manufacturing had lost over 3 million jobs over the past several years," writes Mullikin. "87 percent stated that the loss of these jobs and failure to enforce trade agreements were important to them."

In Illinois's 6th District, Democratic challenger Army Maj. Tammy Duckworth, an Iraq War veteran who lost both her legs in the

"An informed and activated manufacturing electorate in Indiana's 8th Congressional District has the potential to deliver almost 100,000 votes to one candidate or the other, either by activating voters who previously stayed home or by shifting voter choice to a candidate who speaks to the issues most critical to them."

conflict, lost her race. Her bid for office was predicated primarily on one issue: Iraq, while her opponent, incumbent Republican Peter Roskam, "chose to highlight the plight of manufacturing workers in Illinois," Mullikin points out. "On a day when Democrats everywhere were swept into office, Roskam captured 51 percent of the vote, defeating Duckworth by 5,000 votes."

In his book, Mullikin also describes Ronald Reagan's success as a politician by taking a strong stance on Japan's unfair trade practices and their impact on American workers, creating a loyal core of Reagan Democrats and endearing himself for life to the growing estranged class of workers. He also describes NAFTA and CAFTA as "bookends" of the era of unchallenged trade agreements.

Mullikin's book, from Vox Populi Publishers (ISBN 978-0-9790178-3-4), is available for \$9.56 on Amazon.com.

Booz Allen... (From page six)

can't be completely explained by lower wages. Rising warranty costs or dramatic product recall levels indicate the ongoing erosion of quality.

We call this condition "manufacturing myopia," and we believe that the cure is the cultivation of cross-functional awareness about manufacturing costs and means. Successful industrial companies can sharpen their abilities to see their operations more clearly — including their strengths and weaknesses — and redesign them more flexibly. The manufacturing function is no longer seen primarily as a cost center, ripe for cutbacks or outsourcing. Instead, the ability to produce higher-quality goods at lower costs in a more flexible manner is a key component of a company's long-term competitive strategy and a central, dependable part of its identity. It is linked to overall performance, including aftersales product support.

Achieving this recipe for success requires four dimensions of manufacturing in which highly visible data and analysis, projected further into the future, can yield both short-term gains and long-term advantage: technological distinctiveness in the design, engineering, and purchasing of manufacturing technology; network sophistication, incorporating the vision of a global, flexible supply chain rather than a disconnected series of production and supply operations; in-plant transformation, which requires seeing the processes on the shop floor as interrelated parts of a whole system; and labor modernization, which takes local practices into account in the improvement of labor practices and the customization of human resource policies.

Integration of Software in Traditional Manufacturing

Almost every manufactured product now has complex embedded software, which is why a company like German industrial giant Siemens employs more software engineers than even Microsoft. Indeed, there is more embedded software in many children's toys today than there was in the Apollo Lunar Module.

Most manufacturers know that software engineers are more abundant in developing countries than in the United States and Europe, but they tend to overlook the serious process and service problems that frequently arise from outsourcing software

development to emerging countries. Software is now so integral to manufactured products that it plays a key role in the overall customer experience. Software is one of the leading drivers of quality issues in products as diverse as elevators, copiers, and automobiles.

With the inevitable growth in software outsourcing, it is increasingly important for manufacturers to manage the process carefully and to integrate software development with the more traditional aspects of hardware product development.

High-Leverage Innovation

Some companies are learning that they can spend significantly less on R&D than their competitors while reaping far greater rewards. We call such companies "high-leverage innovators," and in our most recent study of the world's 1,000 largest corporate R&D spenders, we identified 94 of them, spanning nearly every industry sector.

It's no surprise to see names like Apple, Google, SanDisk, and Samsung in a ranking of these highly productive R&D spenders, but what about industrial manufacturers like Caterpillar, C.R. Bard, Danaher, Eaton, Illinois Tool Works, Paccar, Parker-Hannifin, and Woodward Governor? For five straight years, these companies have each invested substantially less in R&D than their industry peers — 56 percent less on average. Yet from 2000 through 2005 they consistently exceeded their competitors in seven critical performance measures — sales growth, gross margin percentage, gross profit margin, operating margin percentage, operating income growth, total shareholder returns, and market capitalization growth. These 94 high-leverage innovators outperformed their peers by a factor of 1.2 to 6.3 against each of the seven performance metrics.

They accomplished this feat by treating innovation as an enterprise-wide, cross-functional process. For them, each of the four stages in this chain — ideation, project selection, product development, and commercialization — becomes a platform on which the next stage is built and to which it is tightly integrated. A high-leverage innovator may be known for having particular skill in one or two of these four innovation stages. Upon closer inspection, however, they all reinforce that skill with competence at the other three stages and an integrated

approach to bringing new products and processes to market. This emphasizes that you cannot just "throw money" at the innovation challenge. How a company spends its innovation dollars is more important than how much it spends.

Aftermarket Service

A fifth trend to think about in 2007 is the important contribution that aftermarket service can make to manufacturers' long-term profitability and sustainability. Makers of industrial equipment usually pride themselves on the quality and innovative features of what they manufacture, but aftermarket service can be equally important in generating revenues, smoothing out business cycles, and building customer relationships.

For example, major elevator manufacturers have long treated their basic product as a loss leader, knowing that every new elevator will need regular servicing throughout its lifetime. Indeed, elevator companies tend to generate most of their profits through long-term service contracts. The same principle applies to General Electric, which earns less money selling jet engines than it does maintaining the engines after the sale.

Given the boom-and-bust sales cycle for industrial machinery, most manufacturers would do well to focus on developing their service businesses, both to smooth out revenue streams and to help cement customer relationships across product cycles.

Smart Customization

Customers are demanding ever-higher levels of customization — products and services tailored to fit their precise needs. Moreover, in an economy characterized by greater information transparency and more sophisticated purchasing practices, they have learned to expect it.

The problem is that high levels of customization are expensive, and most companies add variety to their product or service mix indiscriminately. Their customization programs frequently lead to an arms race with competitors that constricts growth and lowers profit margins. Companies fail to ask themselves and their customers the critical question: Is the additional variety really worth the extra costs incurred? Are customers really paying for the complexity I'm creating in my operations to serve them?

With this indiscriminate approach

(Continued on page 12)

QUESTIONS & ANSWERS: REP. MARCY KAPTUR (D-OHIO)**'Why Should Democrats Be For More Trade Deficits?'**

Former Treasury Secretary Robert Rubin's return to the Nation's Capital last month for a meeting with incoming House Democrats was far from triumphant. Invited to give a solo briefing on what Speaker-elect Nancy Pelosi billed as "the need for restoring fiscal discipline and building a competitive economy to create jobs in America," the avatar of Clinton-era economic policy ran into a barrage of tough questions, mainly on manufacturing and trade. Conspicuous among his challengers were the fresh faces in the crowd.

Indeed, the 100-plus House Democrats who came to hear Rubin on December 6 showed signs of being less focused on the late-'90s boom than on its aftermath: growing trade deficits, income inequality and erosion of the domestic manufacturing base.

Might such a harsh reception for the Democratic Leadership's chosen economic keynoter presage a rebellion against assumptions that, since NAFTA, have shaped America's trade agreements and dominated both major parties' approach to globalization?

For an assessment, *Manufacturing & Technology News* called on Ohio Democrat Marcy Kaptur, who enters her 13th House term a veteran of a long, uphill battle against what she calls "unfair trade deals managed by unrepresentative international organizations." On the front lines both ideologically and geographically — Ohio has lost more than 200,000 manufacturing jobs this decade — Kaptur has kept a keen eye on the free-trade tide in which the U.S. economy has been swept up.

She was hesitant to pronounce on whether this tide may be spent, let alone turning. Noting that House Democrats "have been encouraged to be very unified in whatever we do," Kaptur rated Rubin's appearance "a very strong signal of the perspective of the Leadership" — one perhaps reinforced by the denial of her request that more than one view be represented. Yet she took heart when the incoming chairman of the Ways & Means Subcommittee on Trade, Sander Levin of Michigan, pledged to reopen its discussion of trade policy after six years of silence. In addition, "as they stood up" to question Rubin, she recalled, "the new members gave me hope."

What is the outlook for debate on trade policy within her own party? For action by the Congress? For the future of the U.S. economy? Kaptur shared her thoughts with *MTN's* Ken Jacobson.

Question: Did the Leadership say why your request that Rubin share the stage was turned down?

Kaptur: We were told we couldn't have other speakers because Mr. Rubin would not address the trade issue but deal only with fiscal matters, which I take as tax policy and budget policy. As it turned out, he talked about the fiscal deficit, the savings deficit and the trade deficit, getting into the relationship among them — and you can't talk about one without the others. He didn't offer much policy guidance, just "We have to be more fiscally disciplined," and "There's a net savings deficit in the country, which isn't good," and in trade policy "We have to be globalists."

Then members got to ask questions, starting with the new members. Those who spoke were, I think, for the most part disappointed that he was not more forthcoming on the job washout occurring across the country, and on the trade deficit and on what we are going to do about them. He wasn't prescriptive, he just said, "We have to get real." Well, what does that mean?

Member after member got up. One, from Indiana, talked about what was happening with Delphi: workers having to take pay cuts and their pension benefit obligations being thrown onto the government. Another talked about the NAFTA Superhighway; another about industrial security and national security. Congressman Levin said he intended the Ways & Means Committee's Trade Subcommittee to be aggressive in holding hearings and doing oversight. George Miller [of California], one of the Speaker-to-be's closest advisers, said about labor and environmental issues, "How can you not see that these differentials in public policy create

an unlevel playing field for our firms?" Mr. Rubin was listening, he started to pace behind the podium, but he didn't waver from his rather generalized set of remarks.

I faced him with this: He was President Clinton's chief economic adviser, and they began their administration with a \$70 billion trade deficit and ended it with a \$370 billion deficit — a 500 percent increase. Now we're at \$800 billion and growing, and this is knocking off a major share of our GDP. He shook his head "yes" as I said it, but he had no comment. Then I asked him, "What could the Clinton administration have done differently, and what would you recommend to the Bush administration?" Nothing.

Q: As for the invitation to Rubin itself, do you think the Leadership, and perhaps others, look very positively on the U.S. economy of the late 1990s and feel that the Clinton trade or economic policies are what they have to sell?

Kaptur: I think it's partly related to that. In my remarks, I talked about the dot-com bubble's lifting the Clinton administration in its second term. But that's over, and displacement of those jobs to India, China and other places is occurring. Besides, that industry is structured very hierarchically. You've got the people at the top making very good money and buying the big homes in San Francisco and Silicon Valley, and then you've got everybody else. When you look at people's wages, it's a very uneven industry compared to something like the automotive industry, where you've got middle-class people doing quite well — if they're

(Continued on page 10)

Marcy Kaptur... (Continued from page nine)

working — and, yes, executives doing very well.

If you come from San Francisco, it's a financial center. New York is a financial center. Look at Steny Hoyer, the Majority Leader. Where does he come from? Suburban Washington, where you have the insulator of the federal government and all the money that's associated with tax revenue. I represent a very different part of America, the industrial heartland, which ebbs and flows with the global marketplace. We are free-market out there in the Midwest: If an industry gets pneumonia, people get it badly. Wall Street, where Mr. Rubin spends his life, is happy no matter what they're trading. They would be happy to outsource, to hollow out, to displace. It's another trade for them.

I talked to him about that, in fact. I said, "What we ought to do is tax every transaction of lazy capital and fill the gaps — because our people are having to give up their pensions, their wages, their children's educations, their homes. We've got bankruptcies and foreclosures double what they were even a year ago in a region like I represent." But Wall Street doesn't hear that. They don't really identify with Main Street.

Q: Do you think that some people, not just Rubin but policy makers as well, make an assumption that might have been more justified before globalization: that if they're doing all right, everyone else must be doing all right?

Kaptur: I think he's totally out of touch with what is happening as a result of his actions. I encouraged him to be more like Bernard Baruch, who served President Roosevelt. He had a deep understanding of industry, he helped to regularize production during World War II. He was known as "The Lone Wolf of the Street": He understood what its power was, and he took it on. Rather than acquiescing he injected a point of view into the Street, and he was very much a participant in the Roosevelt legislation that built the middle class of this country — that provided the financing mechanisms for people to get a foothold, that provided every American family with the opportunity to become equity holders in the society through the homes they owned or, in the case of farmers, the land they owned.

Mr. Rubin didn't respond to that call to duty. He mentioned some social organizations that he's a part of. That's a wonderful thing, but it isn't enough to counter the vast power of these markets to transform people's lives for better or for worse.

Q: Do you think that the new Democratic Congress will be take steps toward reforming the global system of trade, or changing U.S. policy on trade?

Kaptur: I hope that we will begin to address its inequities, yes, to look at the dysfunctionality of some of these trade agreements. Who's being hurt? What can we do about that?

I have a bill, the Balancing Trade Act [H.R. 4405], which I will reintroduce in the new Congress. It basically says that if we have a deficit with any given country for three consecutive years that totals \$10 billion or more in each, we've got to take a look at why the trade relationship isn't working in our interest. Because with

every single one of these trade agreements that pass, they tell us: "This is going to be great! You're going to get a trade surplus." But not one of them ever turns out that way. We just outsource more jobs, and our middle class gets more and more pressured, and the poverty increases at the bottom of the income spectrum. So they're not working the way they told us.

Q: Do you see momentum toward a reassessment coming either from the new members or from some continuing members who may be questioning in a way that they hadn't in the past?

Kaptur: I think there's new momentum. I was an antagonist to Mr. Rubin when NAFTA was first passed, and my words have been proven true: that we would not have a trade surplus, that we would not have increased jobs in this country, that we would have more outsourcing of U.S. production. What I never fully anticipated was the damage to the Mexican economy. I tried to get an amendment into the bill to take care of the Mexican farmers who would be displaced. But I had no idea how many would be displaced, no idea how many small businesses in Mexico would be destroyed, no idea that the peso would collapse and that Mr. Rubin would open the back door to the Federal Reserve of New York to bail out the Mexican stock market.

Now people have had over 10 years to evaluate what's happening, and I think we can begin to move our Caucus in a more effective way to address some of the imbalances. Why shouldn't we be for trade balances? Why should we be for more trade deficits? Why don't we correct these? Why don't we open up the closed markets of the world? We had visitors here yesterday on the VAT tax and are taking a look at that. Why are we so afraid to look at some of the asymmetries in the global marketplace that really harm us?

Q: What about your colleagues who supported NAFTA? Are they now at the point where you might be able to bring them on board? Will there be broader sentiment in Congress for opening this back up?

Kaptur: I think it's going to be difficult, but I think there is momentum in that direction. A number of people are no longer here, and new members have been elected to both the House and the Senate who have a point of view they've expressed very well. So I do sense that there is this rising tide to at least look at the imbalances and to try to correct what was done before.

But Mr. Rubin did such a disservice in his remarks because he said: "Of course, we can't be protectionist." Nobody ever was talking about being protectionist. But they set up these red herrings in the debate, and it's very offensive to those of us who are internationalists but who also believe in the principles of our Constitution of liberty and justice for all, and who subscribe to the idea of free trade among free people.

We have a perspective that we think is more idealistic than theirs. We think theirs is a very dark perspective that harms a lot of people who they choose not to see. So we think we have the hopeful perspective. And I'm just excited that we have new energy, new members, people taking a look. Several members have said to me, "Boy, I really made a mistake, I'd never vote that way again." So

(Continued on next page)

Marcy Kaptur... (Continued from page 10)

some are rethinking their position, and we have to build on that.

Q: How important would you say the trade issue was in determining the outcome of the November election, and how important do you think it's perceived to be generally?

Kaptur: We're seeing this issue rising in public perception. It made a difference in the Ohio Senate race and in several others around the country, including here in Virginia — imagine, Virginia! Trade was an issue in a number of House races, and there were some where Democrats did not win but would have if they'd embraced it, among them in Columbus and Cincinnati. I think the message is coming through loud and clear when someone like Nancy Boyda from Kansas based so much of her campaign around the NAFTA Superhighway and won. People here listen. Also, I think the new voices will help us a great deal.

Q: Is the Democratic Caucus in flux on the issue at this point? Are there camps? Can you characterize the terrain?

Kaptur: Hard to predict until you get a vote, but I think there is movement within the Democratic Caucus. I think it will group around someone like Sandy Levin of the Subcommittee on Trade, and other working groups will be set up on jobs, trade and manufacturing. I can tell you that I personally will work both sides of the aisle on the issue because I know we have some Republican allies on this; people are being hurt in their districts as much as in ours. I don't see it just as a Democratic issue, but the Democrats now have a chance to lead on this issue rather than just to have a closed door. So we want to find our alliances.

Q: Is it possible that the kind of free-trade agreement that has passed up to now would not make it through the new Congress? Can you say anything meaningful at this point about whether there is a chance to change the way world trade is currently structured?

Kaptur: Looking at the CAFTA vote and the narrowing margins of passage of these bills, you get a sense of diminishing support. And simply from a procedural standpoint as well: The Vietnam bill was brought up now, lame duck, and they did the same thing with GATT years ago. They don't do it in a way that permits the public to really participate, they kind of game it through, but the margin of victory has been getting narrower and narrower. Now we have a new Congress, we have new leadership. Let's hope that we can be serious about redressing some of the real difficulties with these agreements. The American people expect us to do something.

Q: Do you think those who are becoming more concerned about trade see it as closely tied to competitiveness? And are they enthusiastic about measures like increasing federal funding for research?

Kaptur: I certainly see them as connected. But I can tell you from my long years involved in these issues that

if I provide funding for advanced research in a given area, there is no guarantee that the production associated with the spinoff patents and technologies will not be purchased and moved offshore. So I am very concerned.

There are those who say: "All we've got to do is plus up these research budgets and, boy, we're going to have all these jobs in America." Well, we'll make people happy in universities and maybe certain companies, and create some temporary positions, but it doesn't necessarily mean that that production will be located here. So I'm looking for ways in the tax code to ensure that benefit of the research dollars we grant on behalf of the American people and the future of this country will be felt here.

Here's an example: I've been heavily involved for almost 20 years in trying to push the solar industry forward in our district. And what I find is that Chinese and other interests are very involved in wanting to access that research and move it offshore for production. But if we have found a new energy source here that can lead us toward energy independence, why shouldn't production be located in the United States, especially when the American people have paid for the research to produce it in the first place?

So I see a linkage, but I don't see that linkage in the law. We ought to have a patriotic duty to invest in this country if that research has been produced here, not just let it be bought out by sharp investors who want to move it elsewhere. I was listening to a person tell the House Biofuels Caucus he wanted us to change the tax law to permit him to backdoor input from Latin America through CAFTA countries into the United States. "Hey, wait a minute!" I said. "What about Ohio farmers?" What's the structure for us to own the production, not just to have some end-processing here? If we've actually done the work figuring out a way to break the carbohydrate molecule, how do our people own it?

And the investment community looks upon this as a real cash cow. Well, if they make a lot of money, by golly, our farmers, and our processors, and our communities in Ohio ought to benefit. But there's no automatic guarantee that if you invest in the research you're going to get the jobs. It is a huge struggle.

Q: Do you think this understanding is widely shared?

Kaptur: No. Putting money into research is this Holy Grail for people here who are all college educated when the majority of the country is not, and who put themselves on this elevated plane thinking they know. I remember Robert Reich saying, "Here's what America has to do, Marcy: See this salt shaker?"

"Yeah?"

"America's going to do the design in," he said. "It'll be made elsewhere, but we'll do the design in."

I thought, "Wouldn't that be an answer from a professor?" I want both! I want engineering and production because I know the people in my district who used to make goods but don't anymore, and they have a right to make what they end up buying. But he didn't, and I thought he had a very intellectually arrogant posture about what the American people would do. And, of course, research and design in is very

(Continued on next page)

Marcy Kaptur.... (Continued from page 11)

much what university people do.

When they start outsourcing university jobs — which, in the global marketplace, they are now doing — perhaps we'll get the attention of certain people who think they are home safe. University communities in this country need to see themselves as tied to the economies of their regions. They are not held sacrosanct from what is going on in the world we live in, although I think many have that attitude.

Q: What do you think it might take for your colleagues in the Democratic Caucus to start understanding this?

Kaptur: I think we need a bipartisan working group that brings some of these issues to a focus, and I am preparing a letter inviting members to participate in a Jobs, Trade, Manufacturing Caucus that we can self-form. We'll bring in people who have knowledge and are not lopsided in their views, who can represent the different industries in which we are hemorrhaging, and who can talk about tax policy, trade policy, educational policy and science policy, bring in the different elements.

The tax issue is a very important one. We have to look at every single way we can incentivize production in this country and remove barriers or really unfair rules under WTO that harm our industries. We have to look at our legacy costs in health care, which people have talked about a lot, and see ways we can make production here competitive.

Frankly, I'd put agriculture in there, too, because I view agriculture as production. Manufacturing and agriculture tend to look at themselves as polar opposites in our trade bills and as competitors in the global trading environment, but they ought to see themselves as allies in this cause. And this will be the first year in history when America imports more agricultural products than it exports.

There are a number of members who care very much about these issues, and maybe we can focus discussion across the broad array of committees, because it isn't just the Trade

Subcommittee that deals with this. You're going to get something in Education and Labor, something over at Energy and Commerce, different elements of this across the Caucus. So I think we have to try to pull it together a little bit. Until Newt Gingrich destroyed all our caucuses, we used to have study groups where we were able to inform ourselves about important issues before the country. We need to bring them back.

Q: What is the outlook for bipartisan agreement on this issue?

Kaptur: I've already been talking to several Republicans and asked them: "Who do you think on your side of the aisle would be interested in this? Who would like to chair it on your side?" So we've been trying to work. The issues are too important, more important than party. I know that Duncan Hunter is running for president as a Republican with a deep dedication to competitiveness and to the defense industrial base of our country. I share his point of view. We need to bind together across the aisle and find the center of the country on these issues, and to attempt to govern in a bipartisan way. So I'm very hopeful.

Booz Allen... (Continued from page eight)

to customization, companies undermine their own economies of scale, taking resources away from high-priority accounts and limiting their ability to invest in more important opportunities. Simply put, companies' failure to fully balance the demand side of the equation with the supply side leads to customization initiatives that fail to deliver incremental growth in line with program costs.

Relatively few companies are successful at achieving the right balance. On the other hand, those that succeed consistently focus on the same three best practices. Companies that are smart customizers understand the sources of value that customization provides to their customers; find the optimal mix — the point at which customization adds value to company and clientele alike; and tailor their business streams — product development, demand generation, production and scheduling, supply chain, customer care, and so forth — and align them to the sources of demand to provide customer value at least cost.

— Barry Jaruzelski and W. Frank Jones are vice presidents with Booz Allen & Hamilton in New York City. Jaruzelski can be reached at 212-551-6773 (jaruzelski_barry@bah.com); Jones's contact information is 212-551-6545 (jones_frank@bah.com).

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PHONE: 703-750-2664. FAX: 703-750-0064. E-MAIL: editor@manufacturingnews.com.

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Editor & Publisher: Richard A. McCormack (richard@manufacturingnews.com)

Senior Editor: Ken Jacobson (202-462-2472, ken@manufacturingnews.com)

Web Technical Coordinator: Krishna Shah (krishna@manufacturingnews.com)

Business Manager: Anne Anderson (anne@manufacturingnews.com)

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CALENDAR OF UPCOMING MANUFACTURING & TECHNOLOGY EVENTS

- January 11 - 12** Design and Public Policy: Markets for Congestion and Carbon Trading, University of Essex, UK, <http://www.essex.ac.uk/eccc/>.
- January 15** Aligning Lean Initiatives, Carlsbad, Ca.: <http://www.ame.org>.
- January 16 - 18** Improving Profitability Through Factory Physics Principles, Tampa: Fla.: www.factoryphysics.com/event_details.cfm?event=46&category=1.
- January 22 - 24** RFID: Deploying Your Item-Level Tracking Solution, Kansas City, Mo.: www.continuinged.ku.edu/programs/rfid/item-level/.
- January 22 - 24** World Sustainable Development Forum, New Delhi, India: <http://static.teriin.org/dsds/2007/index.htm>.
- January 24 - 28** World Economic Forum, Davos, Switzerland: <http://www.weforum.org/en/index.htm>.
- January 25 - 26** Weapons Systems Sustainment Conference, Midwest City, Okla.: <https://www.ncms.org/SSL/WeaponsSys/reg07.htm>.
- January 26** SME Motorsports Indianapolis Industry Meeting, Indianapolis, Ind.: <http://www.sme.org>.
- January 29 - 31** Daratech PLANT-2007, Houston, Texas: <http://www.daratech.com/plant2007/register>.
- January 29** Supply Chain Management Strategy, Knoxville, Tenn.: <http://thecenter.utk.edu>.
- January 30 - 31** ShipTech 2007, Biloxi, Miss. Sponsored by the Office of Naval Research: <http://www.nmc.ctc.com>.
- January 31 - February 2** SAP Manufacturing 2007, <http://www.sapmanufacturing2007.com>.
- February 1 - 2** Global Forum on Development, Berlin, Germany. Sponsored by the OECD: <http://www.oecd.org/dev/meetings/define>.
- February 6 - 7** Making Lean Work for the Job Shop and Small Manufacturer, Anaheim, Calif.: <http://www.sme.org>.
- February 8 - 9** Measuring the Progress of Society: Regional Conference on Statistics, Knowledge and Policy, Seoul Korea. Sponsored by the OECD: <http://www.oecd.org/std>.
- February 8 - 9** Lean Product Design Workshop, Practical Tools to Slash Manufacturing Costs, San Antonio, Texas: <http://www.ame.org>.
- February 13 - 15** Medical Design & Manufacturing West, Anaheim, Calif.: <http://www.devicelink.com/expo/west07/index.html>.
- February 13 - 15** U.S. Air Force T&E Days, Destin, Fla.: <http://www.aiaa.org>.
- February 13 - 17** 13th Annual International Deming Research Seminar, New York City: <http://www.deming.org>.
- February 14 - 15** Smart Services Forum, The Transition To A Connected Service Business, San Francisco, Calif.: <http://www.harborresearch.com>.
- February 15 - 16** Lean Outsourcing — Profiting from Global Operations, Hotel De Anza, San Jose: <http://ventureoutsource.com/events/conferences/leanmanufacturing.html>.
- February 15 - 16** Practical Process Control Workshop, Atlanta, Ga.: http://www.bin95.com/process_control_atlanta_training.htm.
- February 15 - 19** American Association for the Advancement of Science Annual Meeting, San Francisco: www.aaas.org/meetings/Annual_Meeting/.
- February 18 - 21** International IT Service Management Conference & Exhibition, Las Vegas: <http://www.pinkelephant.com>.
- February 19** Lean Supply Chain Summit, Building Supply Chain Management Excellence: New Tools, New Plans, Henderson, Nev.: <http://www.ame.org>.
- February 20 - 22** IPC Printed Circuits Expo, APEX and the Designers Summit 2007, Los Angeles, Calif.: www.GoIPCShows.org.
- February 21 - 23** PLC Troubleshooting Workshop, Atlanta, Ga.: http://www.bin95.com/AB_RSLogix_Seminar.htm.
- February 26 - 27** 15th Annual ISO 9000 Conference, Orlando, Fla.: www.iso9000conference.com.
- February 27** Making Performance-Based Logistics Real: The Basics and Beyond, Austin, Texas: http://www.werc.org/Files/EventRegistrationDocs/40/WERC_Seminar2_Feb07.pdf.
- February 28** RFID for Real-Time Asset Location and Industrial Process Control, Kansas City, Mo.: www.continuinged.ku.edu/programs/rfid/real-time/.
- February 28 - March 1** Lean and Six Sigma, Orlando, Fla.: <http://www.iso9000conference.com/6SigmaConference.htm>.
- February 28 - March 1** Lean Transformation Atlanta, *(Continued on next page)*

2007 Calendar... (From page 13)

Ga.: http://www.lean.org/summit_summary.html.

March 1 - 2 Casting Emission Reduction Program, Emissions, Test Design, Casting Quality and Energy Team Meetings, Sacramento, Calif.: <http://www.cerp-us.org>.

March 5 - 9 The Lean Experience, Novi, Mich.: <http://www.leanlearningcenter.com>.

March 6 Aerospace Markets, The Decade Ahead, Washington, D.C. <http://www.aiaa.org>.

March 6 - 8 HOUSTEX 2007 Exposition & Conference, Houston, Texas: <http://www.sme.org>.

March 7 - 9 Lean Accounting, Lexington, Ky.: <http://www.mfg.uky.edu/lean/accounting>.

March 8 - 9 Developing Sustainability Strategies In Asia, Bangkok, Thailand: <http://www.oecd.org/dataoecd/34/61/37762264.pdf>.

March 12 - 14 Leading Lean, Novi, Mich.: <http://www.leanlearningcenter.com>.

March 14 - 15 NanoManufacturing Conference & Exhibits, Hoffman Estates, Ill.: <http://www.sme.org>.

March 15 - 16 Product Safety & Liability Prevention, Chicago Ill.: <http://www.randallgoodden.com>.

March 18 - 19 China Development Forum 2007 - China: Towards New Models of Economic Growth: <http://www.cdrf.org.cn/en/>.

March 19 - 22 National Hydrogen Association Conference and Hydrogen Expo, San Antonio, Texas: <http://www.hydrogenconference.org>.

March 19 - 22 U.S. Missile Defense Conference & Exhibit, Washington, D.C.: <http://www.aiaa.org>.

March 25 - 28 Metalform, Rosemont, Ill.: <http://www.metalform.com>.

March 26 - 27 Extended Supply Chain 2007, Riverbank Park Plaza, London: www.esc2007.com.

March 26 - 27 Commercial Technologies For Maintenance Activities, San Antonio, Texas. Sponsored by the National Center for Mfg. Sciences: <http://www.ncms.org>.

March 26 - 27 19th Annual Shingo Prize: Leadership in Lean, Jacksonville, Fla.: <http://www.shingoprize.org>.

March 26 - 29 Westec 2007, Los Angeles: www.sme.org.

March 26 - 30 Human Systems for Lean, Lexington, Ky.: <http://www.mfg.uky.edu/lean/humansystems.html>.

March 28 - 31 MetalAsia, the 17th International Precision Engineering, Machine Tools and Metalworking Exhibition & Conference, Singapore: <http://www.mta-asia.com>.

March 28 - April 2 Intelligent Asset Management Using RFID, Real ROI In Asset Management and Closed Loop Systems, Kansas City, Mo.: <http://www.rfid.alliancelab.org>.

March 29 - 30 What Policies for Globalizing Cities? Rethinking the Urban Policy Agenda, Madrid, Spain: <http://www.clubmadrid.org/cmadrid/index.php?id=1>.

April 4 - 5 National Minority Manufacturing Institute's 2007 Symposium, Baltimore, Md.: <http://www.nmmisolutions.org>.

April 11 - 12 Composites Manufacturing 2007, Salt Lake City, Utah: <http://www.sme.org>.

April 15 - 18 American Machine Tool Distributors' Association Annual Meeting, Scottsdale, Ariz.: <http://www.amtda.org>.

April 16 - 19 Aging Aircraft 2006, Palm Springs, Calif.: <http://www.agingaircraft.utcd Dayton.com>.

April 16 - 20 Hannover Messe — World Trade Fair for Industrial Technology, Hannover, Germany: <http://www.hf-usa.com/hannovermesse>.

April 17 - 19 National Defense Industrial Association Science and Engineering Technology Conference and DOD Tech Expo, N. Charleston, S.C.: www.ndia.org.

April 18 - 19 Lean Outsourcing, Profiting from Global Operations, Hotel De Anza, San Jose: <http://ventureoutsource.com/events/conferences/leanmanufacturing.html>.

April 18 - 19 MoldMaking Expo, Rosemont, Ill.: <http://www.moldmakingexpo.com>.

April 22 - 27 Battery Council Convention, Myrtle Beach, S.C.: <http://www.batterycouncil.org>.

April 23 - 26 Aerospace Structures, Structural Dynamics and Materials Conference, Honolulu, Hawaii: <http://www.aiaa.org>.

April 24 Automotive Engineering Plastics, Detroit, Mich.: <http://www.speautomotive.com/emc.htm>.

April 30 - May 4 Lean Executive Leadership Institute, University of Kentucky: <http://www.mfg.uky.edu/lean/leadership.html>.

May 1 - 2 3D SCANNING: Reverse Engineering, Inspection & Analysis, Detroit, Mich.: www.sme.org.

May 1 - 2 2007 Metal Casting Tech. Forum, Saginaw Valley State University, Mich.: <http://www.cerp-us.org>.

(Continued on next page)

2007 Calendar... (From page 14)

May 1 - 3 RAPID 2007 Exposition & Conference, Detroit, Mich.: <http://www.sme.org>.

May 2 - 3 Interoperability and 3D Collaboration, Detroit, Mich.: <http://www.sme.org>.

May 7 - 10 AIAA Infotech at The Aerospace 2007 Conference, Rohnert Park, Calif.: <http://www.aiaa.org>.

May 14 - 17 Inside Aerospace International Forum for Aviation and Space Policy, Arlington, Va.: <http://www.aiaa.org>.

May 22 A Lean Supply Chain Win/Win Culture Change, Speed = Competitiveness, Hartford, Conn.: <http://www.ame.org>.

May 22 - 24 Integrating the Supply Chain / Logistics IT Industry, Chicago, Ill.: <http://www.dcxpo.net>

May 22 - 24 Eastec, Springfield, Mass.: www.sme.org.

May 22 - 25 NAMRC 35, North American Manufacturing Research Conference, Ann Arbor, Mich.: <http://www.sme.org>.

May 23 - 25 Lean Accounting, Lexington, Ky.: <http://www.mfg.uky.edu/lean/accounting.html>.

June 5 - 6 Training Within Industry Summit, Redeploying A Proven Approach, Orlando, Fla., <http://www.twisummit.com>.

June 17 - 20 Innovation for Growth: The Challenges for East & West, Warsaw, Poland. Sponsored by the International Society for Professional Innovation Management: <http://www.ispim.org/conference/>.

June 24 - 26 North American Manufacturing Technology Summit, Los Cabos, Mexico: <http://www.namtechsummit.com/>.

June 25 - 27 Intl. Energy Conversion Engineering Conference and Exhibit, St. Louis: www.aiaa.org.

June 26 - 28 International Textile Exhibition, Shanghai, China: <http://www.shssny.com/ENGLISH.htm>.

July 11 - 13 4th International Conference on Product Lifecycle Management, Milan, Italy: <http://www.plm-conference.org/>.

July 12 - 15 4th International Conference on Cybernetics and Information Technologies, Systems and Applications CITSA 2007, Orlando, Fla.: <http://www.info-cyber.org/citsa2007/website/?vc=6>.

July 12 - 15 5th International Conference on Computing, Communications and Control

Technologies, Orlando, Fla.: <http://www.info-cyber.org/citsa2007/website/default.asp?vc=6>.

July 22 - 24 2nd International Conference on Changeable, Agile, Reconfigurable and Virtual Production, Toronto: www.uwindsor.ca/carv2007/.

July 24 - 27 American Council for an Energy Efficient Economy 2007 Summer Study on Energy Efficiency in Industry, White Plains, N.Y., <http://www.aceee.org>.

July 25 - 28 Shanghai International Machine Tool Fair 2007, Shanghai New International Expo Center, Shanghai, China: <http://www.eastpo.net>.

GAO: Anti-Counterfeiting System Isn't Working Well

The federal government's effort to stop illegal counterfeited goods from entering the U.S. market is confusing and largely ineffective, according to a Government Accountability Office (GAO) study. The federal government has two projects aimed at illegal counterfeits, one created by the Bush administration that has no funding but a great deal of visibility (STOP — for Strategy for Targeting Organized Piracy), and another mandated by Congress (called the NIPLECC — for the National Intellectual Property Law Enforcement Coordination Council), which has \$2 million, a staff of seven and little or no real strategy for combating the growing influx of illegal fakes.

The lines between these two organizations "have become increasingly blurred," says the GAO in a study requested by the House Government Reform Committee. NIPLECC has recently adopted the strategies developed by STOP, which is overseen by the White House National Security Council, but this strategy has holes. NIPLECC is supposed to implement a strategy, yet the group "retains an image of inactivity," with most people interviewed by GAO being unclear as to what it's doing.

STOP is a good first step toward developing a strategy to combat fakes, but it has no way to measure the government's response, the resources that are necessary to target organized piracy and the processes to "effectively balance the threats from counterfeit products with the resources available," says GAO. It does not have a system to hold agencies accountable for their roles in an anti-piracy effort, and it has not created a set of priorities or developed milestones.

Meanwhile NIPLECC continues to suffer from leadership problems, it has no plans for how it will carry out its oversight responsibility required of it by Congress. It also has no way of determining what types of measures are going to be utilized to determine if agencies are making progress.

The report, "Intellectual Property: Strategy for Targeting Organized Piracy Requires Changes for Long Term Success" (GAO-07-74), is available at www.gao.gov.

2008: I'VE GOT THE HORSE RIGHT HERE

BY LLEWELLYN KING

"The race is on," declared Newsweek, before most of the presumptive candidates for the 2008 presidential election had declared their candidacies. Certainly before any of them have come out with categorical positions, crafted a stump speech, or secured much financing.

Former Sen. John Edwards contrived to announce his candidacy on national television. And Iowa Gov. Tom Vilsack got on the Sunday talk shows to defend his unlikely candidacy.

By and large, the horses have not entered the paddock. No matter. The handicappers are at their black art, checking breeding, doping, training, form, and predicting the footing in the track. These worthies would rather not be called handicappers. They prefer to be known as political analysts.

These are the people who calculate — using their own obscure logarithms — the impact of religion, drinking, drug-taking, youthful indiscretions, divorces, geographic background, and political ancestry, on what the voters will think. Their tools are polls, historic comparisons, and quantification of voter prejudices. For example, North versus South, East versus West, women versus men, college-educated versus the rest, and African-Americans versus Hispanics.

Lastly, the handicappers are as interested in the campaigns' staffs as they are in the candidates. Many of the analysts have come off of campaigns and will award points based on the candidates' pollsters, researchers, speechwriters, strategists, and the all-important Web masters.

In the end, of course, it is as Macbeth said, "a tale told by an idiot, full of sound and fury, signifying nothing." Yet cable television is alive with analysts, predicting the outcome of primaries more than a year away.

What makes a nonsense of all this is that no

handicapper can predict events, domestic and international, that will change the public attitude so radically that a candidate now in the back of the field can be the odds-on favorite by December. Handicapping is an inexact art, otherwise horse racing would have had to ban the practice centuries ago. Incidentally, the word handicapping comes from an English low-life gambling practice called "hand in the cap."

I have known a number of horse racing handicappers, whose private advice to a punter was usually to pick a name you liked. One professional handicapper told me, "Hell, son, if I knew which horse was going to win the race, I would be a punter, not a handicapper. That's why it's called a horse race."

So I am developing a new system of political handicapping, particularly fitting for the post-holiday season. You do this: Go to your local health club; identify, in your mind, the various denizens there as political figures; and calculate if they are going to go the distance.

Identify the man shadow-boxing alone in the corner as Joe Biden. The chap arguing with the management about paying a reduced membership, must be Dennis Kucinich. The determined woman on the treadmill, who runs up the imaginary hill in aloof silence, is surely Hillary Clinton. The fellow on the rowing machine, trying to seem younger than he is, for my money, is John McCain.

Enter a smiling fellow, who greets everyone with a cheery, "How's it going?" Obviously, he is Barack Obama. Watch to see whether he can lift the heavy weights.

The taciturn man on the elliptical trainer, who looks as though he has had his regime chart stolen, is, of course, Rudolph Giuliani.

You get the idea. This is political handicapping for everyone.

And in case you do not have the energy to do it for yourself, I have done it for you. John Edwards will face Mitt Romney in the general election. Honest. A horse told me.

— *Llewellyn King writes the weekly "Capital Diary" column and is editor and publisher of White House Weekly, <http://www.kingpublishing.com>.*

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