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'Fair Trade' Community Celebrates Rare Victory

Proponents of various "Buy American" provisions that passed in the final version of the $787 billion American Recovery and Reinvestment Act of 2009 (HR-1) have claimed a rare victory. Inclusion of Buy American requirements for iron, steel, textiles and manufactured goods represents "the first major victory [over] the Chamber of Commerce and other proponents" of free trade policies in decades, says one Senate staff aide involved in the debate. The vote represents a "sea change" in the Washington debate over trade and outsourcing, according to other Buy American proponents.

In a rare on-the-record vote on a contentious trade-related issue, the Senate defeated a provision sponsored by Sen. John McCain that would have stripped the "Buy American" requirement from the Stimulus Bill. The issue flared into a major media debate, with representatives from foreign nations actively engaged in the American political process, a development that raised the ire of U.S. domestic manufacturers and their Washington lobbyists. A statement by House Democratic Majority Leader Steny Hoyer (D-Md.) who said the European Union's concerns about protectionism were "justified," rankled American domestic producer interests. President Obama also forgot his "Buy American" campaign rhetoric — including special "Buy American Vote for Barack Obama" buttons he produced — and said that he feared the provisions might be "protectionist." That word emitting from his lips (along with his visit to a Caterpillar plant in Peoria, Ill.) was the clearest indication yet that the young president "has gotten the bum's rush by the international establishment" wanting to maintain the free-trade status quo, said

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A Stimulus For Everyone Save Domestic Manufacturers

In the $787-billion stimulus package passed by Congress and signed by President Obama there was $210 million for firefighter assistance, $50 million for the National Endowment for the Arts, $50 million for fixing gravestones, but there was no money for one of the few government programs with a solid and proven track record of saving or creating jobs: the Manufacturing Extension Partnership program.

The 20-year-old program consists of a national network of centers in every state. An assessment of the services the centers provide found that the MEP system generates $1.3 billion in cost savings annually for America's small- and medium-sized manufacturers and $6.25 billion in increased or retained sales. All of that is being done with an annual federal outlay of $89 million. The federal government provides about one-third of each center's funding, with states and client fees making up the rest.

Not getting any stimulus funding to help the hundreds of thousands of manufacturing companies was a "disappointment," says Mike Klonsinski, chairman of the American Small Manufacturers Coalition and director of the Wisconsin MEP. "The Manufacturing Extension Partnership is a system already in place and has the infrastructure to get dollars and improvement projects and reinvestment into small- and mid-sized manufacturers fairly rapidly with oversight and credibility. That didn't seem to be considered."

MEP had its hopes up for participating in helping revive the U.S economy. A January 8, 2009, article in Time Magazine ("Obama's Stimulus: Jump-Starting His Long-Term Agenda") said Obama would "double the funding for the Manufacturing Extension

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Feds Disclose Who's Gotten What Under Bank Bailout

Do you want to see what a nationalized banking system looks like?

At the bottom of this column is the link to a list of all of the banks that the Department of Treasury's Office of Financial Stability has provided with funding through February 6, 2009, in its "Capital Purchase Program." The list of more than 400 banks includes such companies as Rogers Bancshares Inc. of Little Rock Ark., which received $25 million on January 30, 2009; First BanCorp of San Juan, Puerto Rico, which received $400 million on January 16, 2009; American Express Co., which received $3.4 billion on January 11, 2009; and BB&T Corp., which received $3.1 billion on November 11, 2008. It also includes the initial large cash infusions made on October 28, 2008, to Bank of America ($15 billion), Bank of New York Mellon Corp. ($3 billion), CitiGroup ($25 billion), Goldman Sachs ($10 billion), JP Morgan Chase ($25 billion), Morgan Stanley ($10 billion), State Street Corp. ($2 billion) and Wells Fargo Corp. ($25 billion).

The Treasury Department list also includes money provided under the "Systemically Significant Failing Institutions Program," specifically $40 billion for AIG; the "Automotive Industry Financing Program," which includes all of the money provided to GM (more than $19 billion) and Chrysler ($5.5 billion); a "Targeted Investment Program" created specifically for CitiGroup and Bank of America ($20 billion for each of them), which is on top of the other billions they received; and an "Asset Guarantee Program," specifically for CitiGroup, which tapped another $5 billion from the federal government on January 16, 2009.

The list is located at: http://www.ustreas.gov/initiatives/eesa/docs/transaction_report_02-10-09.pdf.

Letters To The Editor

Do you hear that sound?

It is the proverbial fat lady singing. The U.S. is bankrupt thanks to free trade.

After reading through the billions of dollars of "stimulus" spending, it is perfectly apparent that the stimulus will stimulate the economy — China's economy:

Digital conversion boxes — Asia;

Hybrid cars — Asia;

Fluorescent lightbulbs — once again, Asia;

The list goes on and on.

What sickens me most is that it was Clinton who threw open the gates, but the Republicans are now the stoolies.

Does anyone else get the feeling that our children will never know the American dream, nor remember how great we once were?

— *Teresa Edmonson*

"Buy American" procurement includes any supplier with whom this country has a trade agreement. So a NAFTA/GATT trade agreement with a country permits this foreign country to supply goods produced offshore under the "Buy American" restriction. No American content is required.

"Buy American" is probably meaningless.

Thank Washington for that.

— *J. Flanagan*

Your Feb. 4 article [Buy American Issue Raises Its Thorny Head] was right on. I would like to share it with the U.S. Chamber of Commerce and the California Chamber of Commerce. It might pull their heads out of the sand. Three words the Chambers don't want any part of is "Made in America." The United States is losing its middle class at an alarming rate, as other countries' middle classes are growing at a strong pace. The free trade doctrine is not a fair trade policy. The U.S. must change its policy when it comes to trade agreements if it wants to be the country that was built on the backs of the middle-class worker.

— *Tony Spitaleri, Mayor of the City of Sunnyvale, California*

Get Ready For Carbon Paperwork

The Environmental Protection Agency has been told to issue a rule by June 26 to create a new mandatory greenhouse gas emissions registry "for all segments of the U.S. economy," according to Sen. Dianne Feinstein (D-Calif.). The rule was a requirement placed in the 2008 Consolidated Appropriations Act (PL 110-161), and is described by Feinstein as being "an essential first step towards reducing and capping global warming emissions."

The rule would be crafted under EPA's authority granted through the Clean Air Act to gather baseline data on greenhouse gas emissions "which is essential information that policymakers need to craft an effective climate change approach," writes Feinstein in a letter to new EPA administrator Lisa Jackson and OMB director Peter Orszag. "The data will be extremely useful to the administration's ability to implement a program to combat climate change most effectively, should the 111th Congress enact legislation establishing such a program, as is our intention."

Feinstein wants EPA to have a system in place to collect 2010 data "while still allowing reasonable public comment and communication with affected parties." To do this, EPA must publish a draft regulation in the Federal Register during the month of February 2009.

COMMENTARY

The Stimulus Bill: Like Driving Forward Staring In The Rear-View Mirror

It didn't take long for President Obama to follow in George W. Bush's footsteps. President Bush put his presidency at risk by insisting on a war with Iraq. Barack Obama has put his presidency at risk by insisting on a government spending extravaganza with similar long-term consequences.

Having spent three days studying the stimulus bill that passed Congress on Feb. 13, it is obvious that the United States government has no idea on how to fix the U.S economy. The majority of "economic stimulus" is for programs that Democrats have been hoping to fund for the past 20 years and that have no bearing on improving the country's economic prospects.

The gluttony of spending displays a contempt that elected representatives have toward American taxpayers by pouring money into a previous century's system of governance that helped get the country to where it is today. The largest spending bill in history feeds enervated bureaucracies with no capability to spend the money. There is $5 billion directed at the Commerce Department's National Telecommunications and Information Administration. The agency currently has a budget of less than $20 million and about 100 employees. And Congress gives it more than $5 billion in a lump sum? Plus an additional $650 million to give to Americans who somehow can't afford $40 to buy digital converter boxes that are manufactured overseas? Is that an economic stimulus?

More government spending as the solution to America's problems is typical of the old-line Democratic Party. It is not "change." It is more of the same but at an exponentially higher level. Just as Republicans repeat the tired mantra of promoting tax cuts to revive the economy, Obama has fallen into the decades old Democratic Party trap that more spending on government social programs will revive the economy.

It won't.

Somebody will have to pay off this debt, and there is hardly any industry left to do so, especially with the impending demise of the mightiest wealth producing juggernaut in the history of humanity: the American automobile industry.

The United States has already had trillions of dollars of stimulus pumped into its economy over the past seven years: massive tax cuts; a war; trillions of dollars of investment made by homeowners cashing out the "equity" in their homes; the repatriation of foreign profits in the Jumpstart Our Business Strength Act (the "JOBS" bill) of 2003; unprecedented increases in federal spending, which jumped by 25 percent in 2008 alone; trillions of dollars of unseen and unreported investment made by the Federal Reserve over the past year to prop up the financial sector; zero percent interest rates; and the 2008 "Stimulus" bill that directly provided checks to Americans.

None of it worked because while this infusion was taking place, the United States government ignored two important trends in the real economy. The first was the starvation of basic and applied research funding for the physical sciences and engineering for such things as biocomputing, computer architecture, advanced software, optoelectronics, aeronautics, materials, automation, sensors, energy conversion and storage, nanomanufacturing, robotics — the list goes on. (America stopped replenishing its seed corn.) The second trend was the disassembly of the American manufacturing production capability. The shift of

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Auto Parts Suppliers Come To Uncle Sam, Hat In Hand

U.S. auto parts suppliers are asking the U.S. federal government for help. The Motor & Equipment Manufacturers Association and the Original Equipment Suppliers Association have submitted a formal request to the U.S. Department of the Treasury "seeking financial assistance specifically for motor vehicle parts suppliers," according to MEMA. Citing the fact that 40 major suppliers filed for Chapter 11 bankruptcy protection last year, the parts suppliers say they need "immediate action" from the Treasury Department. They request that U.S. government guarantee "supplier receivables from GM, Ford and Chrysler so that suppliers are able to use their receivables as loan collateral with traditional lenders." The parts companies also want government guarantees of commercial loans and the institution of a "quick pay receivables program to increase supplier liquidity by accelerating accounts payable payments from GM and Chrysler to their suppliers."

All of this has to happen soon because of the dramatic downturn in demand for automobiles "We are not seeking blanket protection from natural consolidation but need temporary relief to sustain the very foundation of the domestic auto industry," says Bob McKenna, president of MEMA. "The magnitude of problems facing suppliers has yet to be deeply felt and I hope we do not reach that point. Without appropriate action, automotive suppliers will be unable to return to required operations in March and April without shutting facilities or closing entire companies. This would devastate the domestic auto industry and deepen the economic crisis."

Buy American... *(From page one)*

another Washington lobbyist. "As far as I can tell, I don't know of one person on the Obama [economic team] who is on our [domestic manufacturers'] side."

The McCain amendment came to the Senate floor minutes after Sen. Byron Dorgan's [D-N.D.] "Buy American" amendment was adopted by voice vote. McCain offered a counter amendment to strike it from the final bill. It was defeated by a wide margin.

What made the vote unique was the fact that it made it to the floor of the Senate, a rare occurrence. In the past, most trade issues have been stymied in the Senate Finance Committee and in the House Committee on Ways and Means. For decades, those committees have effectively blocked any open congressional debate on trade. "Those committees are closed loops and if they could just break those committees they could have a free flow of information and ideas through" the Congress, says one Washington "fair trade" lobbyist.

Another important player in the Buy American debate proved to be Rep. Jim Oberstar (D-Minn.), chairman of the House Transportation and Infrastructure Committee, who delighted the domestic manufacturing community by saying that if the Buy American provision was not included in the Stimulus Bill, then "I'm not supporting it and I'm bringing a lot of votes with me."

The textile industry was particularly pleased with the adoption of the "Berry" amendment (from 1941) to be applied to the Department of Homeland Security. Placed into the bill by Rep. Larry Kissell (D-N.C.), the requirement mandates that any textile or apparel product purchased for the Coast Guard and Transportation Security Administration be manufactured in the United States with 100 percent U.S. content. The requirement includes the purchase of tents, tarpaulins, covers, textile belts, bags, protective equipment, "sleep systems," fieldpacks, textile marine equipment, parachutes, bandages, cotton and other natural fibers, spun silk or yarn for cartridge cloth, synthetic fiber, coated synthetic fiber, canvas and wool (Sec. 603).

The Senate added the following language adopted in the final bill: "This section shall be applied in a manner consistent with United States obligations under international agreements."

"I am so proud to have my name on the Kissell Amendment," said Rep. Kissell. "It is estimated that upwards of 20,000 people will have jobs due to this measure. So many people in the textile industry worked so hard to make this expansion of the Berry Amendment a reality and as a former textile worker myself, I want to thank them from the bottom of my heart."

Those in the apparel and textile industry were laudatory. "Congressman Kissell is a hero to everyone in the U.S. textile and apparel manufacturing sector," crooned Cass Johnson, chairman of the National Council of Textile Organizations. "This long-sought-after job creating legislation never would have passed without his dogged persistence."

Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, said that for every $100 million spent under the Kissell Amendment, the U.S. government will create or save 5,000 American jobs. The amendment would not have been included in the final bill had it not been for the support of House Speaker Nancy Pelosi (D-Calif.), and U.S. Senate Majority Leader Harry Reid (D-Nev.), according to the proponents. Sen. Kay Hagan (D-N.C.) also worked behind the scenes to ensure that the Senate would agree to the amendment. "This was an amazing effort against steep odds," says Johnson.

The group of U.S. textile and apparel organizations supporting the measure (which also included the U.S. Industrial Fabrics Institute, National Textile Association, National Cotton Council and UNITE HERE) will now try to convince the Obama administration to expand the amendment to cover other DHS agencies: the Federal Emergency Management Agency, Customs and Border Protection, the Secret Service and Citizenship & Immigration Services.

The reason why the Kissell Amendment provisions would only extend to TSA and the Coast Guard and not other DHS agencies "is because the U.S. government is a signatory to the WTO Agreement on Government Procurement, which prohibits Berry-type provisions," explain the U.S. textile and apparel trade groups. "The United States has the option to exempt agencies critical to national security from the GPA, but only has chosen to exempt the Coast Guard and TSA within DHS. The Berry Amendment Extension Act allows the Obama administration to apply the amendment to other agencies within DHS."

Elsewhere in the massive spending bill, there was another amendment adopted that prohibits banks and other companies that have taken taxpayer bailout funds from hiring lower-paid foreign workers to replace American workers being fired. The proposal, sponsored by Sens. Bernie Sanders (I-Vt.) and Charles Grassley (R-Iowa), requires that banks receiving government funds hire only Americans for two years, "unless they could prove they were not replacing laid-off Americans with guest workers," according to a report from Sanders' office. "Because the banks have announced mass layoffs, the measure would effectively place a moratorium on the H-1B visa program." The proposal was included unchanged in the conference report between the House and the Senate.

Sanders says that with thousands of financial services workers unemployed "it is absurd for banks to claim they can't find qualified American workers. The least we can do is to make sure that banks receiving a taxpayer bailout are not allowed to import cheap labor from overseas while they are throwing American workers out on the street." Said one Senate staffer about inclusion of the amendment: "This is a momentum changer that I think we can really build off of for the future."

Rare Senate Vote On A Trade Issue

Minutes after Sen. Byron Dorgan's "Buy American" amendment to the American Recovery and Reinvestment Act of 2009 was adopted by voice vote on the evening of Feb. 11, the Senate took up Arizona Sen. John McCain's amendment to strike the language from the bill. McCain has long been the Senate's leading opponent of Buy American provisions in spending bills. His provision stated that any "utilization of funds appropriated or otherwise made available by this act shall not be subject to any 'Buy American' requirement." The votes were 65 against his proposal, 31 in favor, with three senators not voting. Only one non-Republican member voted with McCain — Sen. Joseph Lieberman, whose state is home to United Technologies, though no reason was given by his office for his vote. Nine Republican senators went against "doctrine" and voted against the McCain amendment.

YEAs, 31 —In favor of the McCain Amendment to overturn the Buy American Provision:

Alexander (R-Tenn.)
Barrasso (R-Wyo.)
Bennett (R-Utah)
Bond (R-Missouri)
Bunning (R-Ky.)
Chambliss (R-Ga.)
Coburn (R-Okla.)
Cochran (R-Miss.)
Corker (R-Tenn.)
Cornyn (R-Texas)
Crapo (R-Idaho)
DeMint (R-S.C.)
Ensign (R-Nev.)
Enzi (R-Wyo.)
Hatch (R-Utah)
Inhofe (R-Okla.)
Isakson (R-Ga.)
Johanns (R-Neb.)
Kyl (R-Ariz.)
• Lieberman (I-Conn.)
Lugar (R-Ind.)
Martinez (R-Fla.)
McCain (R-Ariz.)
McConnell (R-Ky.)
Murkowski (R-Ark.)
Risch (R-Idaho)
Roberts (R-Kan.)
Sessions (R-Ala.)
Shelby (R-Ala.)
Thune (R-S.D.)
Wicker (R-Miss.)

NAYs, 65 — In favor of keeping the Buy American provision in the Stimulus Bill:

Akaka (D-Hawaii)
Baucus (D-Mont.)
Bayh (D-Ind.)
Begich (D-Ark.)
Bennet (D-Colo.)
Bingaman (D-N.M.)
Boxer (D-Calif.)
Brown (D-Ohio)
• Brownback (R-Ks.)
• Burr (R-N.C.)
Burris (D-Ill.)
Byrd (D-W.V.)
Cantwell (D-Wash.)
Cardin (D-Md.)
Carper (D-Del.)
Casey (D-Penn.)
• Collins (R-Maine)
Conrad (D-N.D.)
Dodd (D-Conn.)
Dorgan (D-N.D.)
Durbin (D-Ill.)
Feingold (D-Wisc.)
Feinstein (D-Calif.)
Gillibrand (D-N.Y.)
• Graham (R-S.C.)
• Grassley (R-Iowa)
Hagan (D-N.C.)
Harkin (D-Iowa)
• Hutchison (R-Tex.)
Inouye (D-Hawaii)
Johnson (D-S.D.)
Kaufman (D-Del.)
Kerry (D-Mass.)
Klobuchar (D-Minn.)
Kohl (D-Wisc.)
Landrieu (D-La.)
Lautenberg (D-N.J.)
Leahy (D-Vt.)
Levin (D-Mich.)
Lincoln (D-Ark.)
McCaskill (D-Mo.)
Menendez (D-N.J.)
Merkley (D-Ore.)
Mikulski (D-Md.)
Murray (D-Wash.)
Nelson (D-Fla.)
Nelson (D-Neb.)
Pryor (D-Ark.)
Reed (D-R.I.)
Reid (D-Nev.)
Rockefeller (D-W.V.)
Sanders (I-Vt.)
Schumer (D-N.Y.)
Shaheen (D-N.H.)
• Snowe (R-Maine)
• Specter (R-Penn.)
Stabenow (D-Mich.)
Tester (D-Mont.)
Udall (D-Colo.)
Udall (D-N.M.)
• Vitter (R-La.)
Warner (D-Va.)
Webb (D-Va.)
Whitehouse (D-R.I.)
Wyden (D-Ore.)

Not Voting — 3

Gregg (R-N.H.)
Kennedy (D-Mass.)
Voinovich (R-Ohio)

DARPA Director Gets A Goodbye Salute

The longest serving director of the Defense Advanced Research Projects Agency, Tony Tether, has announced that he has been asked to leave the agency. "I was informed last week that the [Obama] Administration had decided that I was to leave now with February 20th as a two-week notice," Tether wrote in an e-mail to DARPA employees. "As you know, I had said that I was asked to stay on at DARPA until replaced. It turns out that that was not the case....So it's over....Once I know what I am doing, I will let you know."

FLIPSIDE OF 'BUY AMERICA'

Offsets Direct Foreign Government Spending To Local Industries

BY WILLIAM HAWKINS

The European Union has led the foreign criticism of "Buy America" provisions in the U.S. economic stimulus package. But the EU does not approach the question of how government spending should be directed to domestic industry with anything like clean hands. EU hypocrisy on this subject was demonstrated quite openly at an international trade conference in Ankara, Turkey January 26-27 in which I participated.

The subject was how governments use offsets to manage their public spending to ensure maximum return to their home economies. Most of the speakers were government officials, swapping ideas on how better to exploit trade with the United States to bolster their own economic nationalism.

Offsets occur when governments require foreign bidders to kick back industrial compensation to the home economy in order to win a contract. Offsets can include co-production, licensed production, subcontractor awards, technology transfer, counter-trade, local investment, and help in promoting exports. Neil Davies, chief economist at the British Ministry of Defense, put it concisely in Ankara: offsets are about the "transfer of economic activity from the supplier nation to the purchaser nation."

The U.S. is the world's largest exporter of defense products. The Pentagon spends four times as much on research and development as the EU. America has a clear comparative advantage in the arms trade. Academic trade theory holds that countries are to specialize in sectors where they have a comparative advantage and exchange goods with those who have an advantage in other sectors. Americans are constantly told they must respect the international division of labor, and not try to shape trade flows or protect key industries even in the face of massive deficits. Yet, there is no foreign respect for the American advantage in military equipment. When foreign governments buy U.S. systems, they demand offsets to deny America the full benefits of the export.

The Commerce Department reports to Congress annually about the offsets demanded of U.S. firms exporting military

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Foreign Offsets...

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products. According to the December 2008 report, for the period 1993-2007, offsets averaged 72 percent of the sale price. The 2007 report found that in Europe, offsets often totaled 100 percent of the export price, and sometimes exceeded the full cost of the original contract. Almost two-thirds of the offsets demanded are for commercial products (called indirect offsets), not for military development (called direct offsets).

In the commercial sector, the use of offsets is considered an illegitimate distortion of normal trade practices. The 1994 Government Procurement Agreement (GPA) explicitly prohibits the use of offsets. However, matters affecting national security are exempt from the GPA, so governments have been skirting the commercial ban on offsets by tying them to defense procurement.

A major objective of foreign government policy is to gain American technology. Though not mentioned specifically at the Ankara conference, at other meetings a top priority has been placed on gaining American pharmaceutical and medical equipment technology. These are other sectors of U.S. comparative advantage where foreign rivals want to close the gap and not simply accept their role as consumers. Trade is a dynamic form of competition, where the division of labor is constantly being redefined by firms and governments who want to improve their position in the global hierarchy.

In Ankara, Martin Sticha of the Czech Ministry of Industry and Trade talked of "causality," a policy to generate economic activity in his country that would not have otherwise taken place in the market. Peter Taal of the European Defense Agency said the EU seeks "less dependence on non-European sources for key defense technologies" while "working to strengthen the European Industrial and Technological Base."

Prime contractors can develop long-term supplier relationships with overseas subcontractors based on short-term offset requirements. These new relationships endanger future business opportunities for U.S. suppliers. The official U.S. government position is that offsets are purely a private matter. Firms are free to offer whatever package they deem necessary to win overseas contracts, on which they will earn a profit regardless of the work they must outsource. Foreign governments use their leverage to play prime contractors off against each other to maximize offsets.

In 2004, an Interagency Team chaired by the Defense Department was created to study the impact of offsets and discuss their use with foreign governments. Nothing has come of this diplomatic effort. When Sen. Christopher Dodd became chairman of the Senate Banking Committee in 2007, he said he would consider legislation to control offsets which he believes cost the American economy a net 10,000 jobs annually. Nothing was done on this issue in the 110th Congress. The 111th Congress opens with a heightened concern about the economy and trade in a world where recession is making global competition ever more contentious. Expanding government oversight of offsets in the defense industry seems warranted.

—William Hawkins is a consultant specializing in international economic and national security issues; e-mail HawkinsUSA@aol.com.

Detroit Gearing Up For Mfg. Summit

The "National Summit — A Gathering To Define America's Future," to be held in Detroit June 15 - 17, is gathering momentum, according to sponsors. The event intends to develop "a list of Must Do policy actions in technology, energy, environment and manufacturing to bring attention to actions that will improve America's ability to compete for generations to come," say the Detroit Economic Club. The event has 1,000 registrants so far and can handle 4,000. The early registration cost is $1,300.

Among the speakers will be William Clay Ford, chairman of Ford Motor; Andrew Liveris, chairman of Dow Chemical; James Mulva, chairman of ConocoPhillips; Mary Sue Coleman, president of the University of Michigan; Richard Dauch, chairman of American Axle & Manufacturing; William Donohue, president of the Chamber of Commerce; Marvin Fertel, president of the Nuclear Energy Institute; Carly Fiorina; Timothy Manganello, chairman of BorgWarner; Peter Marks, CEO of Robert Bosch; Michael McCallister, CEO of Humana; Robert Nardelli, chairman of Chrysler; Jay Noren, president of Wayne State University; John Rowe, chairman of Exelon Corp.; Richard Wagoner, chairman of GM; and Deborah Wince-Smith, president of the Council on Competitiveness.

Information is located at http://www.nationalsummit.org.

New Certification For Supply Chain Workers

The supply chain logistics world has a new certification system for its workers. The Manufacturing Skill Standards Council (MSSC) has introduced a new credentialing system for workers in the supply chain industry, for those working factories, warehouses, distribution centers and transporters. MSSC developed the supply chain credential in conjunction with the Texas Manufacturing Assistance Center and the North Central Workforce Board under a grant from the Department of Labor.

The Certified Logistics Associate and Certified Logistics Technician certifications "address the core competencies of higher skilled, front-line material handling workers (entry-level to first line of supervision) across the supply chain," says Alexandria, Va.-based MSSC.

The new credential compliments the MSSC's production credential for factory workers that encompasses safety, quality and measurements, manufacturing processes and maintenance. MSSC says that it is helping provide manufacturers "with a sufficient pool of skilled production workers well into the future."

No MEP Stimulus...

(Continued from page one)

Partnership, a program slashed by Bush that seeks to make U.S. manufacturing more efficient by using new technologies."

It didn't happen.

In the initial House version of the Stimulus Bill there was $30 million included for the MEP program. But the funding did not make it through conference with the Senate.

"I think a lot of that is our fault, we have not done a good job articulating" how the program can put manufacturing companies and the country in a better position for growth, says Klonsinski. "We had a golden opportunity with the stimulus to reinvest and retool our industries and strengthen our small- and mid-sized manufacturers."

Perhaps one of the problems was the amount that was requested for MEP in the stimulus was so low — $30 million — "and people think you're just getting more money to do what you're already doing," Klonsinski adds. Had the price tag been $1 billion — or maybe even $5 billion — to revitalize America's 300,000 small manufacturing companies Congress "might have stood up and noticed and thought differently about it."

But not getting any stimulus funds is the least of worries for those working in the MEP system. Since Congress has still not passed a fiscal year 2009 budget and the "continuing resolution" has now expired, the MEP program has run out of money. The centers are running on fumes.

"The MEP is at a crossroads here," says Klonsinski. The centers are now having to dip into reserve funds in order to stay operational. As it stands, Klonsinski says the MEP ideally needs a tripling of its current federal appropriation for it to start having a real impact on manufacturers and the U.S economy

It is important for the United States that small- and medium-sized manufacturers survive the coming economic shakeout. When demand does begin to pick back up there will be the need for globally competitive American suppliers to quickly ramp up production. "The recovery will be here faster than the ability of most normal organizations to put in place a strategy to take advantage of it," says Klonsinski. It is also essential for manufacturers to survive because they provide the bulk of the nation's export revenue. Exports will be essential in helping pay off America's skyrocketing foreign debts.

To help them make it through the recession, the MEP system has created a nationwide benchmarking program to assess where American manufacturers stand against each other and where they need to improve as individual companies. Seventeen states are participating in the exercise, with a target of at least 5,000 responses to the benchmarking scorecard.

"Our premise is that we have to be world class to survive this recession but if American manufacturers are not ready when the recovery occurs, we're going to be left behind for good," says Klonsinski. "Manufacturers are in the major leagues of the free market — global competition is right in their face every day, so they have to be good and better every day. As a national system that is interested in taking America's manufacturers to where they need to be tomorrow we are developing the services and advocacy to do that."

The six areas that are being benchmarked by the Next Generation Manufacturing survey are:

Customer-Focused Innovation: How companies assess their ability to develop, make, and market new products and services that meet customers' needs at a pace faster than the competition.

Engaged People/Human-Capital Acquisition: How companies secure a competitive performance advantage by having superior systems in place to recruit, hire, develop and retain talent.

Superior Processes/Improvement Focus: The means in which firms record annual productivity and quality gains that exceed the competition through a company-wide commitment to continuous improvement.

Supply-Chain Management & Collaboration: How companies manage supply chains and partnerships that provide flexibility, response time and delivery performance that exceeds the competition.

Green/Sustainability: Manufacturers' ability to design and implement waste and energy-use reductions at a level that provides superior cost performance and recognizable customer value.

Global Engagement: How firms secure business advantage by having people, partnerships and systems in place capable of engaging global markets and talents better than the competition.

Going Forward: To what extent does the region in your state have the support services, peer groups, training opportunities and resources available for the previous six performance areas?

The survey is located at http://www.ngmstudy.com.

Chrysler Says An 'Orderly Wind Down' Would Unleash Disorder

Chrysler's "best option" for survival is to be purchased by General Motors, "but they 'took it off the table,' " says Chrysler in its "Restructuring Plan for Long-Term Viability," submitted to the government on Feb. 17. The next best option is an alliance with Nissan. But that died. Third is an alliance with Fiat, but it is contingent upon Chrysler restructuring its liabilities, "obtaining targeted concessions [and] receiving adequate government funding."

If Chrysler is unable to restructure its liabilities and if further government funding is not forthcoming, then "the 'Orderly Wind Down' alternative would be pursued," the company says. "However, it may have severe social and economic consequences for both Chrysler and the broader U.S. economy." If the company does not get an additional government loan of $5 billion by March 31, it will start closing up shop, which could in turn lead to an "industry collapse," says the company.

If no funding is available, Chrysler will immediately close 29

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Commentary... (From page three)

manufacturing for most durable consumer and high-tech goods from the United States to foreign nations is now virtually complete.

There has been a triumphalism among economists and policymakers that the United States has achieved the greatest economic success of all time. It has shed its dirty old industries that employed blue-collar union workers and has become a "knowledge" economy — a "service" economy.

The service economy has just suffered a monumental collapse. A grand economic experiment did not survive. The experiment has been questioned for years by manufacturers and millions of Americans who live in the industrial heartland. They all know that most service sectors — those like retail, leisure and health care — do not beget wealth. Services consume wealth until there is no wealth left to consume. As goes Detroit, so goes Las Vegas and Orlando.

What has been forgotten in the current crisis and has still not been recognized is that manufacturing supports the vast majority of research and development that takes place in the country. It hires the most engineers and scientists. It is the primary market for high value-added "services" such as computing, electronic commerce, software and finance. Without manufacturing, the economy cannot be revived.

Yet, the same people who so adamantly made the arguments in favor of a service economy — those sycophants who are paid by the companies that led to this economic "catastrophe" — are still making them. Many are even doing so while receiving government bailouts. Incredibly, the architects of America's failed economic system are now energized. They are bounding around the media screaming madly about the "Buy American" provisions in the stimulus package. They claim that adopting policies to re-energize American industry will create a "trade war." They don't seem to realize that America has been in a trade war, and that the United States has lost the trade war.

The United States is not facing a typical recession. Recovery is not a matter of reviving consumer demand, because even if consumer demand is revived, there is little left of the manufacturing sector to supply that demand. There are no good-paying production jobs for "Joe Sixpack" to return to. Those jobs were shipped overseas. Americans could not go with them because they are stuck in the United States. Those jobs will not "return." An entirely new generation of jobs must now be created from an industrial base that has to be rebuilt virtually from scratch.

The stimulus bill does nothing to address this challenge.

To survive as a country, the United States will need an industrial revival plan. No such plan is being considered. In the past, the Defense Department took the lead on such a plan, providing substantial levels of funding for basic and applied industrial research. It did this knowing that it had to maintain technological superiority over the Soviet Union. Its investments led to such breakthroughs as the splitting of the atom, the integrated circuit and the Internet. More importantly, DOD invested heavily in the even more difficult engineering tasks that were required to turn those basic scientific breakthroughs into usable products, which in turn were commercialized by industry creating multi-trillion-dollar global industries.

But DOD is distracted with wars and body armor, and Obama has left in place President Bush's Pentagon management team which fought against achieving any type of industrial superiority.

The investments in the stimulus bill targeted for R&D are a start. But the United States government has been spending heavily on research. To what benefit? Much of the basic research that has been funded by taxpayers has left the country to enrich other economies focused on applying it to new product production. It is senseless to invest in research if the engineering and production capabilities are not in place to utilize it.

The real issue facing the U.S. economy, which should have been the focus of the stimulus package, revolves around the creation of an industrial policy that focuses on what it takes to get American producers back in the game. It requires extremely targeted spending and tax cuts.

It means a hearty embrace of "picking winners and losers" and damn the ideological consequences. The entire success of science, technology and innovation rests on picking losers as well as winners. Learning from mistakes — trial and error — is the basis of the scientific process. Star Wars did not work — it was a big "loser," but the lasers and the global positioning systems that were developed as a result of that investment have created a lot of jobs and made a lot of people a lot of money.

Saving the U.S. economy means making a massive investment in innovation, commercialization and the production of radically new and innovative technologies.

It means giving $1 billion or more to DARPA and telling that leading-edge technology agency with the technical and procurement skills needed to spend such a sum to fund the world's smartest people pursuing the most important breakthrough technologies. The DARPA model of funding research through product development and application has worked in the past, but Congress and President Obama did not think to include it in the latest stimulus.

It means funding proven industrial development programs that leverage private-sector dollars and have long track records of success, like the Manufacturing Extension Partnership and the Technology Innovation Program at NIST.

It means a complete re-write of the R&D tax credit making it the most generous in the world, and making it permanent.

It means targeted tax incentives for venture capitalists and entrepreneurs (stock options that can't be abused by large corporations), to energize and encourage them to take more risks and invest more private money for the creation of new companies.

It means requirements for companies commercializing technologies developed with taxpayer dollars to do their manufacturing in the United States.

It means incentives to foreign companies to build new

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Commentary...

(From page eight)

production capacity in the United States by providing them with federal workforce training grants and access to America's research infrastructure on the condition that U.S inventions be produced in the United States.

It means putting in place extremely generous tax incentives for middle-class homeowners to invest in energy efficiency and renewable energy production technologies.

It means incentives to build hundreds of new nuclear reactors.

It means a new set of tax breaks for companies that export products to overseas markets.

It means a complete re-think of U.S. trade policy, requiring that the federal government crack down on foreign-made counterfeits and piracy and start favoring American producers over importers, retailers, shippers, foreign governments and multinational companies selling illegally produced imports.

It means considering a value-added tax and working cooperatively and persistently with Asian nations to have them stop manipulating their currencies.

It means discretely nudging American corporate executives to become economic patriots and move production back to the United States.

There are members of Congress who understand these issues and were ~~long-ago champions~~, like Sens. Joseph Lieberman (D-Conn.) and Jeff Bingaman (D-N.M.). Their past leadership on innovation issues was the reason they rose to fame. Inexplicably, both were absent in shaping a meaningful Democratic economic stimulus bill. As the economy continues to sputter people like them need to be involved in the next round.

Americans will shortly realize that Obama and the Democratic Congress have no creative ideas on how to deal with an increasingly perilous economic situation. Obama could not articulate an economic message during the presidential campaign, especially in the industrial states, and he has not done so since.

More spending on social programs and tax rebates spread across millions of people that will be used to buy products made overseas and pay off credit card debt will only exacerbate the problem. The country cannot delay the start of laying the foundation for a new economy based on science, technology, innovation and the creation of "sustainable" industries that generate millions of high-skill, high-wage, high-tech jobs.

Temporary government jobs that consume wealth and delay America's day of economic reckoning have put the Obama presidency in a deep hole, though there is still hope. In speaking with columnists on Air Force One on Feb. 17 he said: "We will do what works... If it doesn't work, then you do something else....My goal is to say let's use this crisis as an opportunity to think long term and let's see this as a wake up call to make America more competitive."

— Richard McCormack was founding editor of Manufacturing & Technology News in 1994. In 1991 he was founding editor of High Performance Computing and Communications Week. In 1987 he was founding editor of New Technology Week. Prior to that he was editor of The Energy Daily.

USBIC On Obama's Economic Team: Orthodox Thinkers

The president of the Washington trade association representing domestic manufacturing companies is not impressed with what he has seen so far with President Obama's political appointments. "I don't see any change," says Kevin Kearns, president of the United States Business and Industry Council. "There are a host of problems with the personnel Obama has picked: I don't see anyone who has either the foresight or the clout to overturn existing economic orthodoxy."

This is especially true with the recent selection of members to Obama's Economic Recovery Board. Every member of that board save for one, Richard Trumpka of the AFL/CIO, comes out of the "free trade" community of economic thinking. "The CEOs of GE, Caterpillar and Oracle — come on," says Kearns. "They never met a U.S. job they didn't want to ship overseas or a living wage they didn't want to cut. Economists Laura Tyson and Martin Feldstein? I guess the only reason they have been appointed to the panel is that Adam Smith and David Ricardo are dead, but they are worthy heirs wearing the mantle of free-trade orthodoxy."

Kearns notes that President Obama says that he will not repeat the policies of the past eight years that have put the country into its current economic fix. But those policies "go back 16 years to a Democratic administration as well, to Rubinomics — to the trade deals that passed during the Clinton administration that bore their bitter poison fruit during the Bush years," says Kearns.

Obama's Answer To Offshore Outsourcing

President Obama doesn't have much of an answer to a basic economic question of what he is going to do to stop manufacturing companies from moving overseas. At a town hall meeting in Elkhart, Ind., where he was trying to sell his economic stimulus plan to a beleaguered community, Obama was told by a member of the audience that the area's economy "is going down because companies are enticed to leave." He was asked: "What are you going to do about enticing companies to stay here in the United States?"

Obama waffled. "Well, look," he started. "I believe that the United States has the most productive workers. We've got the best universities and colleges. We've got the most dynamic, risk-taking economy and innovative economy of any in the world. So we can compete against anybody."

Then he said that the United States is under investing in energy. That the "health care system is broken," which adds costs to employers and hinders their ability to compete. Then he repeated his worn-out line from the campaign that there are "laws on the books that give tax breaks to companies that are shipping jobs overseas."

Then he said that the "single most factor in whether or not companies are going to continue to locate here in Elkhart is what are we doing about education."

Some Spending In The $787-Billion Stimulus Bill

Conference Report To Accompany HR-1, the American Recovery and Reinvestment Act of 2009

Title I Agriculture Rural Development Food and Drug Administration
• $24 million for "Agriculture buildings and facilities and rental payments;
• $290 million for "Watershed and Flood Prevention Operations";
• $1 billion for direct loans for the "rural housing insurance fund";
• $10.4 billion for unsubsidized guaranteed loans;
• $2.5 billion for broadband loans and loan guarantees for the Rural Electrification Administration;
• $500 million for supplemental nutrition programs;
• $176 million for maintenance work on Agricultural Research Service facilities;
• $50 million for aquaculture producers for losses associated with high feed input costs during 2008.

Title II: Commerce, Justice, Science and Related Agencies
Department of Commerce
Economic Development Administration
• $150 million for assistance programs, including $50 million for economic adjustment assistance for areas of the nation "that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring."

Bureau of the Census:
• $1 billion for "periodic Census and Programs."

National Telecommunications and Information Administration:
• $4.7 billion for the "Broadband Technology Opportunities Program," including $200 million for competitive grants for public computer center capabilities at community colleges and public libraries and $250 million for competitive grants for innovative programs to encourage sustainable adoption of broadband services;
• $350 million for a "broadband inventory map";
• $650 million for the "Digital to Analog Converter Box Program."

National Institute of Standards & Technology:
• $220 million for "scientific and technical research and services";
• $360 million for construction of NIST research facilities of which $180 million will be a competitive construction grant program for research science buildings.

National Oceanic and Atmospheric Administration:
• $230 million for "operations, research and facilities";
• $600 million for procurement, acquisition and construction.

Department of Justice:
• $2 billion for "state and local law enforcement assistance";
• $225 million for grants to combat violence against women;
• $225 million for grants to "improve the functioning of the criminal justice system";
• $225 million for assistance to Indian tribes;
• $100 million for the Justice Department's Office for Victims of Crime;
• $125 million for law enforcement in rural states;
• $50 million for Internet Crimes Against Children initiatives;
• $1 billion for community oriented policing services under the "Safe Streets Act."

National Aeronautics and Space Administration:
• $400 million for the science account;
• $150 million for the aeronautics account;
• $400 million for the exploration account;
• $50 million for "cross agency support."

National Science Foundation:
• $2.5 billion for "research related activities";
• $300 million for the "Major Research Instrumentation" program;
• $200 million for academic research facilities modernization;
• $400 million for "Major Research Equipment and Facilities Construction";
• $100 million for "education and human resources."

Title III Department of Defense Operation and Maintenance
• $1.474 billion for Army operations and maintenance of barracks and improving energy efficiency at DOD facilities;
• $657 million for operations and maintenance projects in the Navy;
• $114 million for operations and maintenance for the Marine Corps;

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• $1.095 billion for operations and maintenance for the Air Force;
• $93 million for operation and maintenance for the Army Reserve;
• $55 million for operation and maintenance for the Navy Reserve;
• $39 million for operation and maintenance for the Marine Corps Reserve;
• $266 million for operations and maintenance for the Army National Guard;
• $75 million for research, development, test and evaluation for the Army;
• $75 million for research, development, test and evaluation for the Navy;
• $75 million for research, development, test and evaluation for the Air Force;
• $400 million for the Defense Health Program to fix military medical facilities.

Title IV: Energy and Water Development
Corps of Engineers:
• $2 billion for "construction of water-related environmental infrastructure assistance";
• $200 million for environmental infrastructure assistance;
• $375 million for "Mississippi River and Tributaries" projects.
• $2.075 billion for "operation and maintenance for projects or activities that can be completed within the funds made available in that account and that will not require new budget authority to complete."

Department of Interior
• $1 billion for the Bureau of Reclamation "water and related resources," including $50 million for the "California Bay-Delta Restoration."

Department of Energy
• $16.8 billion for the "Energy Efficiency and Renewable Energy";
• $3.2 billion for Energy Efficiency and Conservation Block Grants;
• $5 billion for the Weatherization Assistance Program;
• $3.1 billion for the State Energy Program;
• $2 billion for grants for manufacturing of advanced batteries and components "that are produced in the United States including advanced lithium ion batteries, hybrid electrical systems, component manufacturers and software designers;
• $4.5 billion for electricity delivery and energy reliability to "modernize the electric grid to include demand responsive equipment, enhance security and reliability of the energy infrastructure, energy storage research, development, demonstration and deployment and facilities recovery from disruptions to the energy supply." Congress added $100 million for worker training under this part of the act;
• $3.4 billion for fossil energy research and development;
• $483 million for non-defense environmental cleanup;
• $390 million "Uranium Enrichment Decontamination";
• $1.6 billion for "science";
• $400 million for the Advanced Research Projects Agency - Energy, "as authorized in the America Competes Act";
• $6 billion for the Innovative Technology Loan Guarantee Program.
• $10 million for administrative expenses for the Advanced Technology Vehicles Manufacturing Loan Program;
• $5.127 billion for the Defense Environmental Cleanup program
• $500 million, for the Temporary Program for the Rapid Deployment of Renewable Energy and Electric Power Transmission Projects;
• Weatherization Assistance Program: Increases the "assistance level per dwelling unit" to from $2,500 to $6,500. "The Secretary may encourage States to give priority to using such funds for the most cost-effective efficiency activities, which may include insulation of attics." The funding also includes "assistance for previously weatherized dwelling units."
• Renewable Electricity Transmission Study will analyze "the significant potential sources of renewable energy that are constrained in accessing appropriate market areas by lack of adequate transmission capacity."
• $5.127 billion for Defense Environmental Cleanup.

Title V: Financial Services and General Government
General Services Administration:
• $5.5 billion for the Federal Buildings Fund including $750 million for federal buildings and U.S. courthouses;
• $300 million for border stations;
• $4.5 billion for High Performance Green Buildings;
• $300 million for the government to purchase hybrid vehicles, electric vehicles and commercially available plug-in hybrid vehicles under the Energy Efficient Federal Motor Vehicle Fleet Procurement program.

Small Business Administration:
• $69 million for marketing, management and technical assistance to "intermediaries that make microloans under the microloan program";
• $20 million for automating information technology systems related to lender processes and lender oversight;
• $360 million for the cost of guaranteed loans under the "Business Loans Programs";
• Temporary Fee Elimination for the 504 Loan Program.

Department of Homeland Security:
• $200 million for planning, design and construction of a new building to consolidate the Department of Homeland Security headquarters.

Customs and Border Protection:
• $100 million for "Border Security Fencing, Infrastructure and Technology";
• $420 million for construction of "land border points of entry."

Transportation Security Administration:
• $1 billion for procurement and installation of checked baggage explosive detection systems.

Coast Guard:
• $98 million for shore facilities to aid navigation facilities;
• $142 million for the alteration or removal of obstructive bridges.

Federal Emergency Management Agency:
• $150 million for Public Transportation Security

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Stimulus Bill...(Continued from previous page)

Assistance;
• $150 million for Port Security Grants;
• $210 million for Firefighter Assistance Grants;
• $100 million for Homeless Assistance Act, emergency food and shelter.

Title VII — Interior, Environment and Related Agencies
Department of Interior
Bureau of Land Management:
• $125 million for restoration of property, trails and lands and for the remediation of abandoned mines and wells;
• $180 million for construction or roads, bridges, trails, property and facilities and for "energy efficient retrofits of existing facilities";
• $15 million for wildfire management for hazardous fuels reduction;
• $165 million for national fish hatcheries and habitat restoration;
• $115 million for fixing roads and bridges.

National Park Service:
• $146 million for critical repair projects;
• $15 million for the Historic Preservation Fund;
• $589 million for construction projects.

U.S. Geological Survey:
• $140 million for repair, construction and upgrades of equipment like stream gages and seismic and volcano monitoring systems and national mapping activities.

Bureau of Indian Affairs:
• $40 million for Operation of Indian Programs — workforce training and housing improvements;
• $450 million for school maintenance and repairs.

Environmental Protection Agency:
• $600 million for the Superfund Remedial program;
• $200 million for Leaking and Underground Storage Tank Trust Fund Program;
• $6.4 billion for State and Tribal Assistance Grants, including $4 billion for capitalization grants for Clean Water State Revolving Funds, and $2 billion for capitalization grants under the Safe Drinking Water Act;
• $100 million for Brownfields projects;
• $300 million for the Diesel Emission Reduction program.

Department of Agriculture Forest Service:
• $650 million for road, bridge and trail maintenance and decommissioning, including watershed restoration and ecosystem enhancement projects;
• $500 million for Wildland Fire Management;
• $50 million for wood-to-energy grants to promote increased utilization of biomass.

Department of Health and Human Services
• $415 million for Indian Health Facilities;
• $85 million for Indian health information technology activities.

Smithsonian Institution:
• $25 million for repair of existing facilities.

National Endowment for the Arts:
• $50 million "to preserve jobs in the non-profit arts sector threatened by declines in philanthropic support."

Title VIII Department of Labor, Health and Human Services and Education
Department of Labor:
• $3.95 billion for the Employment and Training Administration's Training and Employment Services division of which $500 million will be grants to the States for adult employment and training; $1.2 billion will be for youth activities including summer employment; and $1.25 billion will be for grants to states for dislocated worker employment and training;
• $50 million for "YouthBuild";
• $750 million for competitive grants for worker training in high growth and emerging industry sectors "provided that $500 million shall be for research, labor exchange and job training projects that prepare workers for careers in energy efficiency and renewable energy";
• $120 million for "Community Service Employment for Older Americans";
• $400 million for State Unemployment Insurance and Employment Service Operations;
• $80 million for the enforcement of worker protection laws;
• $250 million for construction of "Office of Job Corps Centers";

Department of Health and Human Services
• $500 million for "health centers";
• $1.5 billion for construction, renovation and equipment for the acquisition of health information technology systems for health centers;
• $500 million "to address health professions workforce shortages";

National Institutes of Health:
• $1.3 billion for the National Center for Research Resources;
• $8.2 billion for the Office of the Director to support "additional scientific research";
• $500 million for buildings and facilities;
• $700 million for the Agency for Healthcare Research and Quality "for comparative effectiveness research";

Administration for Children and Families:
$2 billion "to supplement child care assistance for low-income families" including $94 million "for activities that improve the quality of infant and toddler care";
• $1 billion for Head Start;
• $1.1 billion for "Early Head Start";
• $1.1 billion for Community Services Block Grant Act programs aimed at "enrollment coordination activities relating to the identification and enrollment of eligible individuals and families in Federal, State and local benefit programs";

Administration on Aging:
• $65 million for the Aging Services Program's nutrition service;
• $32 million for "Home Delivered Nutrition Services";
• $3 million for "Nutrition Services for Native Americans";

Office of National Coordination for Health Information Technology:

(Continued on next page)

Stimulus Bill...

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• $2 billion for the "Office of the National Coordinator for Health Information Technology";
• $20 million for the director of NIST "for continued work on advancing health care information enterprise integration."
• $1 billion for the "Prevention and Wellness Fund."

Department of Education
• $13 billion for programs associated with the Elementary and Secondary Education Act of 1965, including $3 billion for school improvement grants;
• $12 billion for funding "Individuals with Disabilities Education Act (IDEA)";
• $680 million for the "State Rehabilitation Services Program";
• $15.8 billion for the "Higher Education Act of 1965";
• $60 million for the Student Aid Administration;
• $250 million for the "Institute of Education Sciences."

Social Security Administration:
• $500 million for processing disability and retirement workloads, including IT acquisitions;
• $40 million for the Commissioner of Social Security for health information technology research;

TITLE IX Legislative Branch
Government Accountability Office:
• $25 million for "salaries and expenses" for conducting "bimonthly reviews and reports on such reviews on the use by selected States and localities of funds made available in this Act."

Title X Military Construction Programs:
• $80 million for child development centers for the U.S. Army;
• $80 million for child development centers for the U.S. Navy;
• $80 million for child development centers for the U.S. Air Force;
• $100 million for Army "warrior transition complexes;
• $1.45 billion for military construction defense-wide.

Veterans Administration:
• $50 million for the National Cemetery Administration for monument and memorial repairs;
• $198 million to provide a one-time $15,000 payment to surviving U.S. resident members of the "100,000 Philippine Commonwealth Army [who] were called into the service of the U.S. Armed Forces of the Far East on July 26, 1941, by an executive order of President Franklin D. Roosevelt." The payment is $9,000 for a person who is not a citizen of the United States.

Title XI — Department of State
• $90 million for consular programs for passport and training functions;
• $290 million for "information technology security and upgrades.

Title XII — Department of Transportation:
Federal Aviation Administration
• $200 million for improvements to power systems, air route traffic control centers, air traffic control towers;
• $1.1 billion for "Grants For Airports."

Federal Highway Administration:
• $27.5 billion for fixing highways and passenger and freight rail transportation and port infrastructure.

Federal Railroad Administration:
• $8 billion "provided that the Secretary of Transportation shall give priority to projects that support the development of inter-city high-speed rail service";
• $1.3 billion for the National Railroad Passenger Corp. under the "Passenger Rail Investment and Improvement Act."

Federal Transit Administration:
• $6.9 billion.

Department of Housing and Urban Development
• $4 billion, $1 billion of which will be used to "leverage private funding for renovations and energy conservation retrofit investments."
• $2.25 billion for low-income housing tax credit projects;
• $1.5 billion for the "Homeless Prevention Fund."
• $2.5 billion for the "Assisted Housing Stability and Energy and Green Retrofit Investments" program;
• $100 million for the "Residential Lead-Based Paint Hazard" program.

TITLE XIII Health Information Technology
New authorizations that include privacy issues, standards, reports, commissions, incentives, insurance companies, prohibition of sale of health care information, etc. The creation of "Centers for Health Care Information Enterprise Integration" by the director of the NIST in conjunction with NSF.

Title XIV State Fiscal Stabilization Fund
• $53 billion will be administered by the U.S. Department of Education.

Title XV Accountability and Transparency
Section 1511: For any funds going to state or local governments for infrastructure investment "the governor, mayor or other chief executive...shall certify that the infrastructure investment has received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. Such certification shall include a description of the investment, the estimated total cost, and the amount of covered funds to be used, and shall be posted on a Web site and linked to the Web site established by section 1526. A state or local agency may not receive infrastructure investment funding from funds made available in this Act unless this certification is made and posted." The Web site will provide a link to estimates of the jobs sustained or created by the Act.
Sec. 1521 Creation of a Recovery Accountability and Transparency Board "to coordinate and conduct oversight of covered funds in order to prevent fraud, waste, and abuse."
Sec. 1541 Establishment of Recovery Independent Advisory Panel of five members appointed by the President based on their "expertise in economics, public finance, contracting accounting or any other relevant field."

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Chrysler Is In Trouble...

(From page seven)

manufacturing facilities and 22 parts depots. Forty-thousand Chrysler employees would lose their jobs; 3,300 dealers with 140,000 employees would go out of business; $7 billion in outstanding auto supplier invoices would go unpaid. The government would lose $65 billion in personal income taxes over the first three years, and an additional $55 billion in lost social security receipts.

Since the company shares so many suppliers with Ford and GM, such a dramatic downturn would lead to an industry collapse due to a cascade of supplier bankruptcies. This in turn would lead to the loss of two to three million jobs, $150 billion in annual personal income nationwide, and 31.4 million customer vehicles that would not be able to get spare parts. "Getting a loan request [from the government] for $5 billion is in the best interest of U.S. taxpayers," says Chrysler on page 163 of its report.

The company says that 22 percent of its suppliers are "in trouble," up from 10 percent last October. "Financially troubled suppliers continue to grow," says the company. Chrysler has required that they reduce the prices of their components by 3 percent by April. 1. "Industry conditions now require substantial and coordinated restructuring of the supply base," says the company. "OEM's must concentrate business in surviving suppliers. The government may have to provide liquidity for automotive suppliers to ensure an orderly consolidation."

If total U.S. auto sales drop below 9.1 million units "the industry [is] no longer viable as currently structured," Chrysler says in its submission. As of February, the U.S. market is on course to decline to 9.8 million units in 2009.

Chrysler will need a total of $9 billion in funding to survive an industry with sales of 10.7 million units in the United States. If sales volume decreases to 9.8 million, it will need $11 billion, and if they drop to 9.1 million units, Chrysler will need $13 billion. The company expects to tap additional government funding from the Department of Energy's program for subsidizing the development of energy efficient vehicles. It expects to receive $2.5 billion from DOE in 2010, $2.0 billion in 2011, and $1.5 billion in 2012.

Any car enthusiast, along with anyone interested in automobile benchmarking statistics (such as a comparison of the hours it takes to produce one vehicle broken down by manufacturer) should read Chrysler's 177-page report, located at http://www.treas.gov/initiatives/eesa/agreements/auto-reports/ChryslerRestructuringPlan.pdf.

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Sec. 1553 Whistleblower Protections for State, Local Government and Contractors: "An employee of any non-federal employer receiving covered funds may not be discharged, demoted or otherwise discriminated against as a reprisal for disclosing" wrongdoing to the federal agencies created to oversee the spending.

Tax, Unemployment, Health, State Fiscal Relief and other Provisions. These tax provisions include a huge number of changes in the tax code for first-time homebuyers; AMT relief; renewable energy incentives; renewable energy bonds; energy conservation incentives; credits for carbon dioxide sequestration; credit for plug-in electric drive vehicles and conversion kits; tax incentives for business, including limitations on expensing depreciable assets and five-year carryback of operating losses for small business; incentives to hire unemployed veterans; infrastructure bonds; "Build America" bonds; and changes in the Trade Adjustment Assistance programs for workers, firms, communities and farmers.

The American Recovery and Reinvestment Act of 2009 (Stimulus Bill) is located at http://www.congress.gov.