The U.S. Manufacturing Policy Landscape in 2017

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April 28, 2016
About ITIF

- One of the world’s top science and technology think tanks.
- Formulates and promotes policy solutions that accelerate innovation and boost productivity to spur growth, opportunity, and progress.
- Focuses on a host of issues at the intersection of technology innovation and public policy:
  - Innovation processes, policy, and metrics
  - Science policy related to economic growth
  - E-commerce, e-government, e-voting, e-health
  - IT and economic productivity
  - Innovation and trade policy
## Manufacturing Policy Must Get the 4 “Ts” Right

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Today’s Presentation

1. The Candidates’ Manufacturing Strategies
2. Congressional Manufacturing Priorities
3. ITIF Mfg. Policy Recommendations
Clinton: Mfg. Technology

- Double funding for the National Network of Manufacturing Innovation.
- Double funding for MEP (to @$280 million).
- Invest $10 billion in “Make it in America Partnerships.”
  - These would link together all parts of the manufacturing supply chain and build on the strengths of regions in particular industries.
- Enact $275 billion federal infrastructure investment plan.
Clinton: Tax

- Create a “Manufacturing Renaissance Tax Credit.”
  - Similar to the New Markets Tax Credit, it would make communities facing significant shutdowns or layoffs eligible for new investment tax incentives.

- Provide a zero capital gains tax option on long-term investments.

- Has called for imposing an “exit tax” on “companies that leave America to lower their tax burden.”

- Expand R&I tax credits...but “claw them back” if companies “ship jobs overseas.”
Clinton: Trade

- TPP: Endorsed 45 times as Sec. State, but has said its labor & environmental, access to medicines, and currency provisions not “up to the bar she expected.”

- T-TIP/TISA: Has not yet publicly taken a position.

- Establish a new “Chief Trade Prosecutor” and triple the number of trade enforcement officers.

- “Prevent China from abusing global trade rules.”

- Support Ex-Im Bank reauthorization & operation.

- Strengthen Buy America regulations.
Clinton: Talent

- Provide a $1,500 tax credit for every apprentice companies hire through apprenticeship programs.
- Expand nationwide credentialing, with industry input.
- Allow federal student aid to be used toward career and technical training programs.
- Provide tuition-free community college education.
- Increase H-1B caps.
Trump: Tax

- Lower the corporate tax rate to 15%.
- End deferral of taxes on corporate income earned abroad, but keep the foreign tax credit to avoid double taxation.
- Provide a one-time deemed repatriation of corporate cash held overseas at a “significantly discounted” 10% tax rate.
Trump: Trade

- Immediately declare China a currency manipulator and accordingly begin to introduce countervailing duties.
- Has threatened tariffs of up to 45% on China “if illegal export subsidies, tax breaks, and IP theft continue.”
- Shut down the Export-Import Bank.
- Opposes the Trans-Pacific Partnership
- T-TIP/TiSA: Has not yet publicly taken a position.
- Introduce “forced localization policies” on U.S. companies?
Trump: Talent

- Rely on tax and trade reforms to spur job growth.
- Expand use of school vouchers.
- Cut the Department of Education and Common Core.
- Don’t raise the minimum wage.
Trump: Mfg. Technology

No specific policy proposals currently apparent.
Cruz: Manufacturing-Salient Points

- Abolish the IRS; introduce 16% flat tax on businesses.
  - Would include immediate expensing, or deductions, for the costs of plant and equipment, and all other capital investment.

- Support the Regulations of the Executive In Need of Scrutiny (REINS) Act.

- Oppose the TPP.

- Eliminate the Ex-Im Bank.
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Manufacturing Universities Legislation

- Goal: Better prepare university engineering programs to produce engineers better-prepared for careers in innovation and advanced manufacturing.

- A competition to designate up to 25 Mfg. Universities, that would receive $5 million annually for four years to:
  - Improve engineering programs to emphasize manufacturing;
  - Increase joint projects, co-ops, with manufacturing firms;
  - Increase numbers of engineering or mfg-related graduates;
  - Have universities designate Chief Mfg. Officers.

- Bicameral, bipartisan legislation (S. 771/H.R. 1441) Coons, Gillibrand, Ayotte, Graham, Baldwin, Kirk
The Manufacturing Skills Act (S. 1542)

- Creates annual $100 million competition to promote reforms in workforce education and skills training for manufacturing in states and metropolitan areas.

- Stakeholder task force would conduct SWOT assessment of regional mfg. assets and capacities.

- Grant awards of $10 million for three years to up to five states and five metropolitan areas with the strongest and most comprehensive proposals.

- Bipartisan legislation sponsored by Coons & Ayotte
MEP Improvement Act

- Increase MEP authorization to $260 million/year through 2020.
- Permanently adjust the federal MEP cost share to 1:1.
- Require re-competition of all MEP centers every 10 years.
- Involve MEPS more in mfg.-related apprenticeships.
- Sponsored by Coons, Ayotte, and Peters
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- Increase federal investment in scientific research.
ITIF: Mfg. Technology

- Increase commercialization focus of SBIR.
- Significantly increase federal support for Engineering Research Center (ERC) and Industry/ University Cooperative Research Center (I/UCRC)
Develop a globally competitive tax system:

- Introduce an innovation and investment tax credit.
- Enact a flat, 40 percent collaborative R&D tax credit.
- Implement a patent box to promote commercialization of R&D.
ITIF: Trade

- Develop a national trade strategy and increase funding for U.S. trade policymaking and enforcement agencies.
- Update CFIUS to reflect the realities of state-led capitalism.
ITIF: Talent

- Fully fund a nationwide manufacturing skills initiative.
- Create an NSF-Industry Ph.D. Fellows program.
- Expand high-skill immigration.
Thank You!

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