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THE STATE OF AMERICAN BUSINESS

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#AmericanDreams

Address by

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Good morning, ladies and gentlemen. We're so glad you joined us for our 20th State of American Business.

As we traditionally do, I'll start by giving the Chamber's assessment of the economic conditions.

Our own surveys find that optimism is consistently high. Business owners tell us they have been encouraged by stronger economic growth. We have achieved a growth rate in the last year that many "experts" claimed was out of reach. And it was driven in no small part by deregulation and tax reform. The Chamber projects continued growth of around 2.6% for 2019. We expect unemployment to remain low, wages to keep expanding, and inflation in range of the Fed's target of 2%.

Now, there are some who seem determined to talk us into a downturn. But rumblings of a recession just don't match up with reality. Even with all of the challenges in Washington, uncertainties in the world, and fluctuations in the markets, strong economic conditions are expected to hold steady for the foreseeable future.

These numbers are important—continued economic growth sets the table for almost everything else we want to achieve as a country. But growth is not an end in itself. Our economy is, and always has been, about people.

So today I want to discuss something more enduring than a set of numbers from a moment in time—and that is the role of the American Dream—or, more accurately, the countless American dreams that together have propelled our nation forward for more than 240 years.

You might say that the original American dreamers were the founders of our government who conceived a more perfect union ... who led the grand experiment of a new republic anchored in religious, personal, and economic freedom.

American dreamers took that freedom and ran with it. They applied their ideas, talent, and toil to great American feats—the transcontinental railroad ... the assembly line ... the interstate highway system ... the personal computer ... the worldwide web...the Internet of Things. These and other innovations have allowed generations of Americans to pursue *their* unique dreams.

We talk about the American Dream as a singular concept, but it comes to life in countless ways. Without the ideas and industry of all these dreamers, we could not have built the most dynamic and resilient economy on earth.

Our challenge today is to preserve, strengthen, and expand the American dream—and put it within the reach of every child, every family, every worker, and every entrepreneur. That's how we, in our time, build a more perfect union and leave a country to our children and grandchildren that is even better than we have been blessed to know.

The Chamber's agenda for 2019 and beyond is built around this simple idea—to harness our new-found economic strength, do everything we can to keep it going, and put it to work on behalf of all Americans who hope for a shot at their own unique American dream.

Now, if I tried to spell out every part of this agenda, you and I would be here all day—and all night. I'm sure none of us want to do that! Instead, I'll highlight five key priorities, tell you about a few other important pro-growth issues, and raise several longer-term concerns that I believe are well worth some careful thought and attention.

Workforce and Immigration

The first big issue centers on the American workforce.

We must have a steady supply of talented and hard-working people to do the work of a modern economy so our nation can compete and lead. And we need the right policies, systems, and opportunities in place to prepare those people so that they can compete and succeed.

It's no secret that our nation is currently falling short on both of those imperatives. We have people without jobs—who lack the skills or education to fill open positions. And we have jobs without people—employers tell us positions are sitting vacant because they can't find the workers they need, when and where they need them.

The Chamber is at the center of this complex challenge. We're working to strengthen the foundation of opportunity by focusing on early learning and K-12 education. We're promoting smart choices in post-secondary education or training so that students can get a return on their investment and earn credentials of value in the market.

We believe that the future requires lifelong learning. So we must change the way we think about, accredit, and fund post-secondary education. Businesses can help by regularly training *and* retraining their employees so that their skills remain sharp and relevant.

The Chamber's Foundation is creating business-led solutions, like Talent Pipeline Management, and has launched academies in 26 states to help businesses source and train workers.

We must not overlook those who are on the sidelines. Veterans and military spouses should have new opportunities to transition into the civilian workforce. Older Americans should have incentives to work well past 65. The formerly incarcerated should have a second chance at building a productive life—starting with a stable job. And it is crucial that we work together to tackle big challenges, including addiction and the inability of many Americans to move where the jobs are.

Getting these people back into our economy will not only expand our talent pool; it will extend opportunity to those who perhaps have given up on their American dreams.

I want to talk about another critical piece to this challenge—that's immigration.

The fact is, employers don't have the workers they need at every skill level, and in key industries—such as health care, agriculture, manufacturing, and transportation.

Our nation must continue to attract and welcome industrious and innovative people from all over the world, and finally fix our broken immigration system. This is a politically fraught issue, with passions running high on both sides, that has vexed our nation for many years. Compromise will be necessary—but it's possible, because each side has something it wants, and each side has something to give.

So today we are calling on the president and Congress to come together and support a reasonable solution: Protection for the Dreamers and long-term Temporary Protected Status beneficiaries *and* the resources necessary to secure the border. The Chamber will continue to fight for these and other reforms.

Modern Infrastructure

You may not think of infrastructure as integral to opportunity. But our highways, bridges, ports, and waterways have long stood as monuments to American achievement—and they have literally moved the American Dream.

We want to keep it that way, which means we face the *crucial task* of modernizing the physical platform of our economy, much of which has already outlived its lifespan. Nearly everyone agrees that investing in our infrastructure is a major national priority—what's missing is a sense of urgency. Things are only going to get worse, which is why we are calling on our leaders to pass a significant infrastructure package this year.

As everyone knows, the challenge is how to pay for it. You've heard me say for years that a modest increase to the motor vehicle fuel user fee—which hasn't been adjusted in 25 years—can be a big part of the solution. I've *also* said the Chamber is open to viable alternatives—but we haven't heard too many other ideas.

So we're going to put some money on the table. The Chamber will be offering cash prizes totaling \$25,000 to those who can come up with the best, most viable ideas for a long-term sustainable funding source for infrastructure. We want to hear from everyone—students, academics, business leaders, the people out there doing the building—everyone. We'll consolidate and publish all of the good ideas we receive—and we'll have a big debate starting February 5th at our annual Infrastructure Summit.

We'll also talk about the Chamber's other infrastructure priorities, including the urgent need for permitting reform and getting a whole army of people ready to do the work.

I've been working on these issues for more than 30 years. It is my hope that the public and private sector leaders of this country will *finally* come together and help build the next generation of U.S. infrastructure—a modern, safe, and efficient system that history will regard as one of the great American feats of the 21st century.

Is that too ambitious? Good. Let's go do it.

Global Trade

Now, to trade. The modern trading system is an American triumph.

Selling *Made in America* goods and services to the 95% of the world's consumers who live outside the U.S. is absolutely fundamental to our growth and prosperity as a nation. In fact, 49 of every 50 U.S. companies that sells goods overseas are small businesses—many of them could not survive without trade, especially in America's heartland. Trade also supports some 35 million American jobs—a number that could dramatically grow, or shrink, based on our nation's trade policies.

To preserve and expand the robust trade that benefits so many Americans, our leaders should focus on several priorities.

First, we must advance strong new trade deals, starting with the U.S.-Mexico-Canada-Agreement. The USMCA is a good deal that must be approved to maintain the relationship with our top two export markets. Now that we've struck a deal with Canada and Mexico, the administration must make good on its repeated promise to remove the steel and aluminum tariffs that were imposed in the heat of negotiations.

This would be an encouraging sign for all of our partners, including those we're pursuing new market-opening agreements with—Japan, the EU, and the UK.

And what about China? The Chamber supports the administration's negotiations to address China's theft of intellectual property, forced technology transfer practices, and other unfair trade and industrial policies.

What we *don't* support is a trade war, which is being waged through mounting tariffs. Let me be very clear. Tariffs are taxes paid for by American families and American businesses—not foreigners. Instead of undermining our own economy, let's work with our allies to apply pressure on China and use the tools provided by U.S. trade and international laws that we helped create.

Limiting trade is self-defeating; leveraging trade is essential to success in a global economy and creating jobs.

Responsible Governing

Progress on these priorities requires responsible action by our nation's leaders and lawmakers.

Given the rocky start to the year, it's understandable there are questions about what can be accomplished under a sharply divided government. The divisions aren't just between the parties—they're *within* the parties.

Governing by crisis is no way to do the nation's business. Our leaders must responsibly fulfill their duties. And not just because it's their job to do so ... but because dysfunction saps confidence, threatens growth, and consequently poses a threat to opportunity in this country.

For many years, the Chamber has rated and endorsed Senators and members of Congress based on the votes they have cast for or against business priorities. Today we're announcing that, for the first time in 40 years, we are fundamentally changing the way we measure lawmakers' contribution to our economy, and we are revamping our congressional scorecard.

Starting with this Congress, we will not base our support *solely* on casting the right votes—though that remains essential. We will give lawmakers credit for showing leadership on good legislation—even if it doesn't pass or even come up for a vote. And we're going to take bipartisanship into account. Lawmakers should be rewarded for reaching across the aisle—not punished.

You can get a copy of our new scorecard when you leave today. Do us a favor. Share it with every member of Congress you know. We want their feedback, and yours. Tell them this will change what you need to do to earn the support of the American business community from this day forward.

This new approach reflects our belief that many of Washington's troubles—including dysfunction, division, and incivility—could be helped by rebuilding the political center and restoring responsible governing.

Protecting Business

Government is an important partner in creating the conditions for growth, but it's business that makes dreams possible by spreading opportunity, creating jobs, and generating wealth. When businesses thrive—communities thrive. Successful companies do a whole lot of good through philanthropy and corporate citizenship.

That's why the Chamber is focused on defending the profoundly positive role of business in our economy and society—and fighting back against attacks, especially on public companies. I'm talking about a growing assault on companies who are being silenced, pressured, or intimidated into advancing narrow special interests—often at the expense of the companies, their shareholders, and their employees. These attacks are coming from some activist investors, proxy advisory firms, mass and class action trial lawyers, as well as some political activists and politicians.

They are a disincentive for companies to grow, or to go and stay public. And fewer public companies means fewer opportunities for Americans to build wealth through shared ownership.

So today we're announcing that the Chamber is launching an aggressive and comprehensive new campaign to meet these coordinated attacks head on.

We are pursuing regulatory and legislative changes that make it easier for businesses to go and stay public ... and that allow companies to focus on long-term growth. We're working with the SEC and Congress to bring real transparency and oversight to proxy advisory firms and to reform the shareholder voting process. We're educating directors so they are better armed to deal with public policy battles that are waged in the boardroom.

We're vigorously opposing proposed legislation to federalize large public and private companies through the requirement of a federal charter. That's one of the worst ideas I've heard in a town that knows no shortage of bad ideas. And we will work for meaningful ESG reporting that is grounded in reality and reflects the diversity of American business, across sectors and all over the country.

What we won't do is stand by and allow Americans from all walks of life to be robbed of the opportunities to invest and take risks that are so essential to our prosperity and the American Dream.

The Broader Agenda for Growth

Let me turn briefly to several other important issues that we'll focus on this year.

One is health care, which makes up 18% of our economy. The Chamber is focused on reforming the current system to reward value and quality while continuing to support innovation and access.

That means keeping America the pharmaceutical innovation lab of the world ... and opposing price controls. It means finding the right policy mix so people can get the quality care they need while hospitals, insurers, and ERs are able to keep operating. Business can help make the numbers work. And it means giving workers and families the tools to take greater charge of their health through innovative programs and products, like health savings accounts.

We also have to respond to calls for government-run, single-payer health care—because it doesn't work! We'll use all of our resources to combat it.

Another key issue is energy. New and innovative ways to produce more American energy has lowered costs and improved efficiency, greatly benefiting businesses and families alike. But powerful forces want to reverse this progress. The Chamber is intensifying its efforts to combat the "Keep It in the Ground Movement," eliminate bureaucratic delays to permitting, and promote new energy infrastructure to keep our resources—and our economy—moving.

Maintaining a dynamic and growing economy also requires prudent regulation and legal reform. We will continue to seize opportunities in the agencies and in the courts to restore common sense to rule-making, building on the progress of the last two years.

America's tort system drains hundreds of billions of dollars from our economy, and undermines justice. The Chamber will keep up our 20-year fight for commonsense legal reforms at the federal and state levels, including fixing the broken mass and class action system, stopping asbestos litigation abuse, and pushing back hard against over-enforcement.

We're also focused on robust cybersecurity. Malicious cyberattacks cost our economy up to \$109 billion a year. Cyber challenges, such as protecting critical infrastructure and addressing liability concerns, require a coordinated effort by business and government. The Chamber is helping lead that partnership. We also continue to help businesses of all sizes understand, anticipate, and mitigate cyberattacks.

Finally, we can't overlook the reality that America's powerhouse economy has been fueled by advanced technology and intellectual property. The Chamber advocates for rational policy solutions to capitalize on the promise of technology. For example, the Chamber is leading a multi-industry push for a federal data privacy law that will protect consumer privacy *and* promote innovation. And we continue to lead the worldwide effort to safeguard intellectual property, which is essential to driving growth, creating jobs, saving lives, and solving big challenges at home and abroad.

All those issues—and others that are important but too numerous to mention here—will help form our agenda for 2019.

Overarching Concerns

I would be remiss if I didn't close by raising some of the bigger issues that transcend an annual agenda.

Whether we move forward on the big policy issues I've addressed today will depend, *in part*, on the national and international environment in which we live and do business. Plans, agendas and, indeed, economic forecasts can be easily sidelined by events we didn't anticipate, think about, or prepare for. So let me send you on your way this morning with a few things that are on my list of concerns. And I'd be interested to know what's on your list. Drop me a note or an email.

First, authoritarian regimes are on the rise across the globe. The U.S. and our allies spent the last 70 years working to expand democracy and freedom, which has played a large role in global growth and progress ever since. Today, we face the task of rebuilding domestic consensus for supporting democracy abroad—and the Chamber is poised to lead.

Our Center for International Private Enterprise shows how democracy can be advanced around the globe through private enterprise and market-oriented reform. And our International Division—made up of dozens of policy experts, numerous bilateral business councils, and a network of AmCham partners in 103 countries—helps shape global policy.

We must also reaffirm and modernize multilateral and regional organizations and cooperative arrangements—such as the WTO, NATO, the EU, and others. Let's not lose sight of the extraordinary prosperity and peace they've provided for three quarters of a century.

Second, and closely related, free speech is under assault at home and abroad. When governments move from regulating conduct to regulating or even suppressing opinion, a dangerous line has been crossed. There's an answer to speech you don't like—it's more speech! Not less. The same is true in politics. We need more voices participating in the process, not fewer. And we must guard against any effort to silence the voice of business—or any other voice—through threats, intimidation, or excessive regulations.

Third, we all marvel at and benefit from rapid technological advancement. But the misuse of technology and data by even a few bad actors is dangerous and invites the very thing I warned about last year—a techlash. And then you risk strangling the goose that laid the golden egg with overregulation.

Fourth, anyone who thought I wasn't going to mention the looming insolvency of our entitlement programs doesn't know me very well! If we fail to act, it will be a one-two punch to the American Dream: the most vulnerable will be left with a fraying safety net, and future generations will be left with mountains of debt that make today's debt look like the proverbial mole hill.

Fifth, and finally, there is a lack of appreciation for the free enterprise system. Failed ideas like socialism or government-managed economies are steadily creeping into the political mainstream. Here's all you need to know: When a centralized government tries to plan everything for everyone, it provides inferior service for all. Even with its occasional flaws and excesses, no one has ever devised a better system than free enterprise.

I don't know about you, but I'm going to stick with the entrepreneurs, the innovators, and the dreamers.

Conclusion

Ladies and gentlemen, American business is the product of American dreamers—and it is the conduit for American dreams.

We're working to foster the world's most competitive workforce—so businesses have deep wells of talent to draw from and people have broad opportunities to succeed.

We're urging modernization of our nation's infrastructure because it is the foundation on which dreams are built. We're advocating for trade deals, and not trade wars, because continued growth requires global engagement.

We're pushing our leaders to restore responsible governing and rebuild the political center so that Washington, and the states, can be a help and not a hindrance. We're advancing an agenda for growth now, and anticipating the challenges that threaten prosperity later.

And we're confronting attacks on companies and assaults on free enterprise so that businesses can continue to do what they do best: create opportunity and fuel the dreams of all Americans.

We are a nation of dreamers. Even better, we are a nation where dreams can be achieved. Let's keep it that way.

Thank you very much.